

## Analysis of Preferable Occupation between Merchant and Islamic Bank Clerk in Bank Syariah Mandiri (BSM) Based on a Hadith about Riba

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### **Abstract**

*This paper investigates the relationship between interest rate to occupation. In this study, occupation is proxied by Islamic bank clerk and merchant who exports and imports goods. As Prophet Muhammad ever said that at the end, people still eat the "the dust of riba" eventhough they want to avoid it, this implies that interest as a proxy of riba will affect everyone, no matter what kind of occupation they have. Introducing two models that represent the relationship between interest rate to two kinds of occupation, viz, merchant and Islamic bank clerks, this study finds that statistically interest rate can affect both merchant and Islamic bank clerk. Furthermore, people that work as a merchant will gain much benefit when the rate of interest raise. However, as interest rate rise, someone who works as an Islamic bank clerk (especially in Bank Syariah Mandiri, BSM, as case study) would be worse off because their income would be at risk as profit of the Bank going to reduce. In addition, based on sensitivity analysis that shows the degree of relationship, merchant has more relationship to interest rate rather than Islamic bank clerk (BSM).*

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### **Keywords:**

Occupation, Riba,  
Merchant, Islamic  
Bank Clerk (BSM).

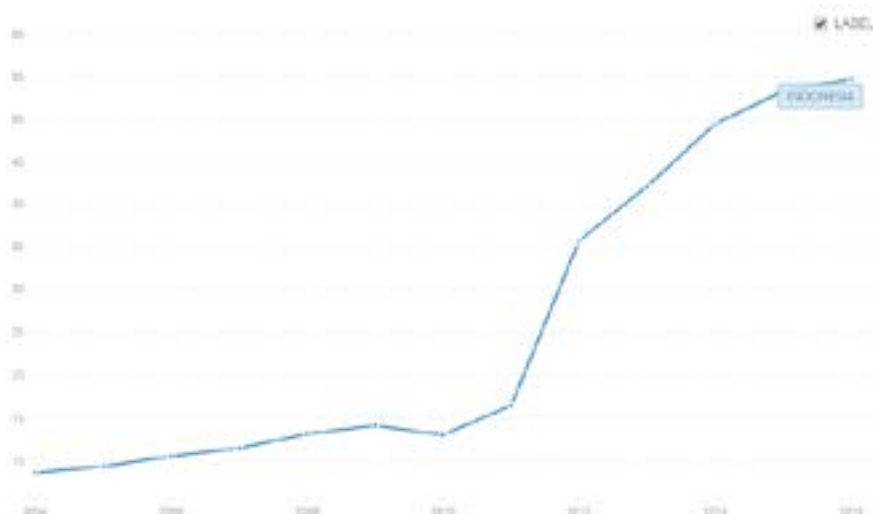
## INTRODUCTION

In the context of microeconomics, preferences is defined as what the consumer want and budget constraint determines how that consumers make choices of that wants (Mankiw, 2012). Pew Research Center Survey (2018) shows that 93% Indonesian say that religion is very important in their live. Therefore, in Indonesia, it can be said that religion can also determine people's choice of want rather than just budget constraint. When this explanation is associated with kinds of occupation people want to choose, there would be any people in Indonesia that consider the role of religion, especially Islam, on their decision of what occupation they want.

Indonesia is a country with moslem majority but not uses sharia- law as its National principle. This condition implies that activities related to interest is allowed although based on Islamic point of view, jumhur ulama' accept that interest is one kind of riba and should be prohibited (Syntheses from Chapra, 1997, 2006, and Farooq, 2009). In the context of macroeconomy, interest rate is an prime factor to depict macroeconomic condition especially level of output and also employment rate. this means that occupation that produce output will be affected by interest rate where normatively should be prohibited in Islamic point of view.

The use of interest rate in conventional bank is a common thing and all economic activities are related to interest. Sharp, Register and Grimes (2010) explain how commercial bank, as in this study the term referred to conventional bank, creates money by demand deposit creation. When interest rate low, demand for money increase and Bank will lend more money and charge interest to the borrower, then money circulates to the economy. People also depend on bank's services for making easy their activities related to the use of money. This can be depicted by the rise of Automated Teller Machine (ATM) in Indonesia reported by World Bank. The growth can be seen in graph below,

**Graph 1 : The Growth of Automated Teller Machine (ATM) 2004-2016 in unit.**



Source : World Bank, 2018.

The growth above shows the significant rise of ATM in Indonesia which means that banking sector hold the important key in financial aspect. In addition, Abuzayed and Al-Fayoumi (2016) studied about relation between bank concentration and economic growth and found that bank concentration has significantly and positively effect economic growth. As the use of ATM increase, bank more concentrated, and the rise of lending money with interest rate , not only higher economic growth will be pursued, profit of the bank will rise and affects to the income of their clerks. As all conventional banks activities are related to interest that is prohibited by jumhur ulama, the piety ones that prefer to work in financial services will become a clerk in Islamic banks rather than conventional ones to, at least, avoid impact of interest directly on their income because theoretically Islamic bank replaces interest to profit-loss sharing that well known as *PLS*.

In Islam, several hadiths and Quran give guidance about occupation. Many hadiths explaining the live of Prophet Mohammed as a merchant, and many hadiths also praise people who become a merchant as their profession. In Quran surah al Baqarah verse 275, Allah has permitted trade and

forbid interest which means in Quran merchant as occupation is allowed.

However, Prophet Mohammed ever said a hadith narrated by Abu Huraira, that Prophet Muhammad said "a time will come upon people when they will consume usury, ..., whoever does not take from it will be afflicted by its dust." (Abu Dawud, Kitab al-Buyu', chapter *fi ijtinabbi al ahubuhati* in Chapra, 1997). This hadith delineates that almost all people cannot truly avoid the existence of riba that affect all kinds of activities. If we relates that hadith to occupation as a source of people's income to fulfill their needs, there might be any relation between riba in the form of interest and occupation that people work no matter the ones work as merchant or Islamic bank clerk. Therefore, the goal of this study is to measure the relationship between interest rate as a proxy of riba to two kinds of occupation, viz Islamic bank clerk and merchant.

## THEORETICAL FOUNDATION

### Riba

Literally, "riba" means an excess or increase (Khan, 2003). The word "riba" is cited 8 times in 4 different surah (Rivai, et al., 2010). It can be found in Ar Rum, An Nisa, Ali Imron and Al Baqarah. These surah become the basic foundation to prohibit riba in the daily activities followed by more explanation in several hadiths. In addition, each of four different surah cited by Prophet Muhammad in different time is a pace taken by Prophet Muhammad to gradually prohibit riba with several reasons (syntheses from Chapra, 1997, Gul, 2008 and Rivai, 2010). Generally, the form of riba can be seen in Chapra (1997) who divides it into two types. The first is riba *al nasi'ah* which related to debt, lending and borrowing money, and the second one is *riba al-fald* that related to trade, especially trade of goods.

The word riba and Quran verses related to it can be found in Ar Rum verse 39, An nisa verse 160-16, Ali Imran verse 130 and Al Baqarah verse 275 to 281. Riba is not prohibited suddenly by Prophet but by gradual prohibition. In the first step of prohibition, Chapra (1997) explained that Ar Rum verse 39 emphasizes the reduction of blessing from Allah because of

taking interest, and charity makes blessing from Allah multiplied. This verse reflects the refusal from Allah to people who believe that riba is accepted as if can help the have not. Rivai et al. (2010) also informed that the second step of riba prohibition can be found in An Nisa verses 160 to 161. These verses focuss on Jews violation of rule from Taurat law by taking riba, and Allah give them tremendous revenge.

The third is Ali Imran verse 130. This verse is stated by Prophet when Muslim had defeated in *Uhud* war. Become the first prohibition to muslim for taking riba and also explains the main characteristic of riba that always multiplied (Rivai, et al., 2010). Chapra (1997) expalined that this verse is an order for avoiding riba to gain happiness for themselves. The last step is from Al-Baqarah verse 275 to 281 where that verses are cited at the end of Prophet's mission in the world (peace be upon him) when he did wada' hajj with his companions (Ashshiddiqi, et al., 1992). The verses explaining the difference between trading and riba, order all muslim to cancel all kinds of transaction related to riba and just take the principle of money they lend (Chapra, 1997). Ar Rum verse 39 is the first verse in Qur'an that talking about riba among four others because it is cited by Prophet when he was live in Mecca. Scholars called it *makiyyah* verses. In addition, The last three verses, Ali Imran, An Nisa and Al Baqarah, cited by Prophet when he had moved (hijrah) to Medina, called *madaniyyah* verses.

There are several reasons on why Prophet prohibits riba gradually and not in a sudden way. Gul (2008) explained that at that time, riba has positif hand in hand with negative effect where people can meet their needs by debt eventhough the debt will multiplied, the second reason is the rulling agent at the time is not muslim therefore there is no political power, legal constitution and economic system to practice riba prohibition, and the last, riba is used commonly and become usual in *jahiliyyah* society, therefore it is difficult to be wiped out completely at the time.

Literally, Khan (2003) translated riba as an excess or increase . Chapra (1997) devides riba into two type, these are *riba al- fadl*, and *riba nasi'ah*. The former refers to commodities

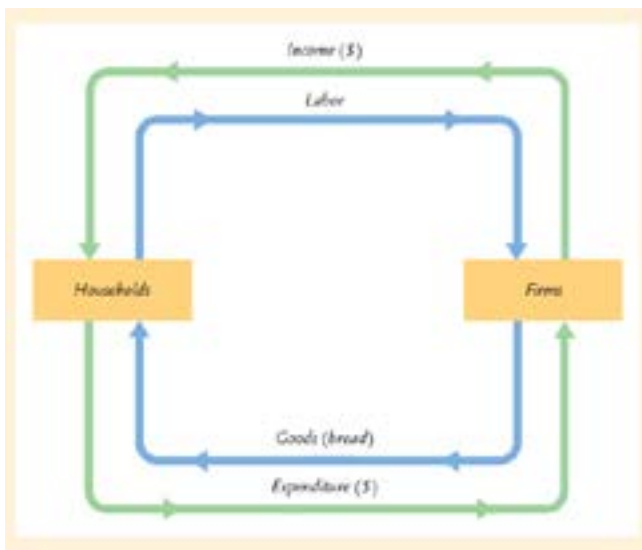
is exchanged for the same commodities but unequal in amount (Harahap, 1984). Some commodities which Prophet explains about *riba al-fadl* consist of gold, silver, dates, wheat, salt and barley. The latter one is type of *riba* where people who lended their money increased the principal of their loan to be paid by the borrowers because of additional time the lenders gave. This *riba* is called *riba al nasi'ah*, well-known as *riba jahiliyah*.

In Prophet's farewell pilgrimage, Taher (2016) explained that Prophet Muhammad (*sallallahu alaihi wasallam*) said that all of the *riba* of *jahiliyyah* are wiped out. In addition, hadith narrated by Amer bin Al Ahwash when he attended Prophet's farewell hajj (Harahap, 1984), explained that Prophet ever said that "there is no *riba* except *nasi'ah* (waiting)...". Those hadiths are used by Farooq (2009) that leads to the traditional position where all kinds of interest is prohibited.

### Economic Agent and Occupation

In this study, occupation is proxied by merchant and Islamic bank clerk. To delineate how economy works based on these two kinds of occupation, this study cites Mankiw (2012)'s circular flow which explains the relationship of two sector economy, viz household and firm.

**Graph 2 : Circular Flow**



Source: Mankiw, 2012.

From image above, Firm can be replaced by merchant that represent the goods market, or Islamic bank that represents financial market. If “firms” are changed to merchant or entrepreneur, there is no significant change in circular flow as the flow shows interaction in goods market. However, as “firms” are replaced to Islamic bank that represent financial market, then “goods (bread)” will be changed to ATM; demand deposit; cheque, and so on as represents Islamic bank products. Then “expenditure” is replaced by “deposit”.

By this minor modified circular flow, this study can depict income that flows to Islamic bank clerk (when “firms” are replaced to Islamic bank); and also merchant (where income of merchant is money that household spend to buy goods from firm or merchant). Furthermore, Based on a hadith from Prophet Muhammad (Peace be Upon Him),

*“a time will come upon people when they will consume usury, ..., whoever does not take from it will be afflicted by its dust” (Abu Dawud, Kitab al-Buyu’, chapter fi ijtinabbi al ahubuhati in Chapra, 1997),*

When relating that hadith to occupation, it is clear that in the end, no matter occupation people have, their income which is gained from their occupation will still be afflicted by the dust of riba.

Hassan and Lewis (2007) said that since interest is prohibited, Islamic banks operate PLS (Profit-Loss-Sharing) to replace interest with several contract to support the scheme operates, such as *mudharabah*, *musyarakah*, and mark-up. With PLS, Islamic bank gain their profit and also labor that work in Islamic bank can avoid from the dust of riba in the form of interest rate. However, Chou and Liu (2009) examine deposit relation between Islamic banks and conventional ones and find that Islamic banks deposit are pegged to conventional ones which means Islamic banks are interest-based in their deposit policy. This finding implies that Islamic banks eventhough they use PLS but they still cannot free from the existence of interest around them.

Furthermore, takes some moslem scholars who prohibit

interest as it has the same characteristics as *riba*, and knowing that conventional bank applied interest in its application that normatively should be avoided by muslim, then Allah gives clue to what possible occupation muslim should chase to avoid the effect of interest, or in hadith, what it is called "afflicted by its (interest) dust". The guideline can be found in al Baqarah verse 275,

لَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ذَٰلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا فَمَنْ جَاءَهُ مَوْعِظَةٌ مِنْ رَبِّهِ فَانْتَهَى فَلَهُ مَا سَلَفَ وَأَمْرُهُ إِلَى اللَّهِ وَمَنْ عَادَ فَأُولَٰئِكَ أَصْحَابُ النَّارِ هُمْ فِيهَا خَالِدُونَ

International Translation : Those who consume interest cannot stand [on the Day of Resurrection] except as one stands who is being beaten by Satan into insanity. That is because they say, "Trade is [just] like interest." But Allah has permitted trade and has forbidden interest. So whoever has received an admonition from his Lord and desists may have what is past, and his affair rests with Allah . But whoever returns to [dealing in interest or usury] - those are the companions of the Fire; they will abide eternally therein<sup>1</sup>.

One point that should be paid much attention on the verse is that Allah distinguishes *riba* and trade. this means implicitly that other field of occupation is trading or become a merchant. However, in this world where financial transaction needs financial intermediary institutions that still use interest, as merchant that trading their goods, interest can affect them when they export or import their goods. interest can infiltrate merchant's trading through nominal exchange rate of currency between two countries, affecting to the volume of import and export, and the last affecting their income. Some studies that prove the relation between interest rate and exchange rate as such Hnatkowska, Lahiri, and Vegh (2013); Andries, *et al* (2017); Erdal (2018) and so on.

<sup>1</sup>Source : <https://quran.com/2/275>, Accessed on March,03, 2017.



### **Household Preferences.**

Psychologically, preference is viewed as an individual's attitude towards a set of objects that stimulates, his or her behavior in the decision -making process (Lichtenstein & Slovic, in Kontot, Hamali, and Abdullah, 2018) Mankiw (2012) explained consumers preference as to what consumer want facing many choices. Basically preference related to choice. In household context that supplies labor, household preference is the choice of people to choose occupations they want. Macroeconomics explains that the wage rate determines the supply of labor, therefore "wage" become determinant of household preference. However, there are another determinant of preference based on basic theory of microeconomics, viz budget constraint. When budget constraint is replaced by time constraint, there should be any opportunity cost where household prefer to spend leissure-time and working-time, therefore time constraint become household's preference.

Others determinant of households preference to choose occupation they want is religion. Many researches confirm that religion also determine how people decide to where they will work. Pew Research Center Survey (2018) showed that 93% Indonesian said religion is very important in their live. Therefore, in Indonesia, it can be said that religion can determine people's choice of want, includes occupation. Sigalow, Bergey, and Shain (2012) found that religious faith has significant and positive relationship to someone's choice of occupation. Audretsch, Bonte, and Tamvada (2013) found that the role of religion can influence the likelihood of choosing self-employment besides social class, and many more.

To sum up, as in this study occupation is proxied by become a merchant and Islamic bank clerk, the hypotheses that can be written is as follow,

H1 : there is significant effect on interest to trade (as a proxy of income of merchant)

H2 : there is significant effect on interest to Islamic banking profit (as a proxy of income of Islamic Bank Clerk).

## RESEARCH METHOD

To prove these above hypotheses, this study uses quantitative approach by using ordinary regression with two variables and two models. this study uses merchandise trade of GDP as a proxy to delineate income of merchant in the first dependent variable in our model. Furthermore, as Islamic bank clerk gain their income from islamic bank profit, we use islamic bank profit as a proxy of income of Islamic bank clerk in the second dependent variable. Independent variable in this research is Interest, proxied by lending interest rate and denoted by "i". merchandise trade of GDP, denoted "T" and islamic bank profit is "IBp". the functions can be formed as follows,

Function 1 :  $T = f(i)$

Function 2 :  $IBp = f(i)$ ,

Then from these functions above, the econometric model can be formed below,

$$T_t = \alpha + \beta \text{Interest}_t + e \quad (\text{Model 1})$$

$$IBp_t = \alpha + \beta \text{Interest}_t + e \quad (\text{Model 2})$$

**Table 1 : Operational definition Variables**

Variable	Definition	Proxy
Interest	Riba which is prohibited by Jumhur Ulama	Lending interest rate
Income of Merchant	Income gained from sale of definite goods or property	Merchandise trade of GDP
Income of Islamic Bank Clerk	Income gained from profit from Islamic bank	Net income from Bank Syariah Mandiri (BSM)

Source: World Bank, BSM Official Website, 2017

Data are collected from world bank website for merchandise trade of GDP and lending interest rate from period 1999 to 2015. We use Bank Syariah Mandiri (BSM) net profit to

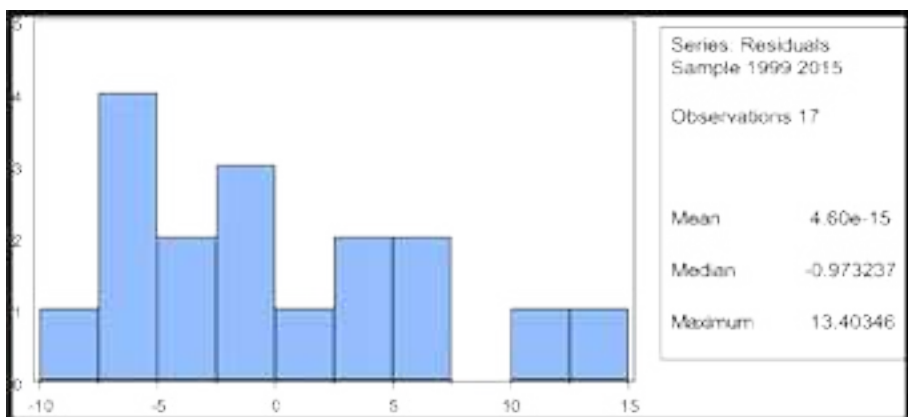
portray income of Islamic bank cleck especially since profit of the bank shows consistency in its profit rise. The net profit of BSM is gathered from official website from 1999 to 2015. To gain BLUE estimator, this study uses classical assumption explained by Gujarati and Porter (2008) without multicollinearity test because this study uses 2 different model with each models only have two variables (one dependent and one independent). This study use 1% level of significance for accepting hypothesis testing.

## RESULT

### *Merchant*

Income of merchant is proxied by percentage merchandise trade of GDP because it provide information about total goods which is traded in Indonesia. From model 1 that represents relationship between interest and trade, this paper provides classical assumption test such as normality, heteroscedasticity, and autocorrelation to gain BLUE estimator. For normality test of model 1, this paper use Jarque-Bera normality test and result of model 1 can be seen below,

Graph 3. Normality test in Model 1



Source : Eviews 8 Result, 2017

Probability shows value 0,57 that above 1% level of significance, which means error terms are distributed normally. White heteroscedasticity test is performed to see heteroscedasticity in the model,

Table 1. Heteroskedasticity Test in model 1: White

F-statistic → (0.271581)	Prob. F(1,15) → (0.6099)
Obs*R-squared → (0.302318)	Prob. Chi-Square(1) → (0.5824)
Scaled explained SS → (0.162071)	Prob. Chi-Square(1) → (0.6873)

Source: Eviews 8 result, 2017

Obs\*R-squared shows 0,58, above 1% which means there is no heteriscedasticity in model 1. The last test in classical assumption of OLS is autocorrelation. This paper uses Breusch-Godfrey (BG) test with 2 lag, and the result as follows

Table 2. Autocorrelation Test in model 1: Breusch-Godfrey Serial Correlation LM Test

F-statistic → (0.760367)	Prob. F(2,13) → (0.4872)
Obs*R-squared → (1.780383)	Prob. Chi-Square(2) → (0.4106)

Source: Eviews 8 result, 2017

Probability value of Obs\*R-squared shows 0,41 above 1% which means this model is free from serial correlation. Above all, the estimator which is resulted from model 1 is BLUE, and regression result can be seen below,

Dependent Variable: TRADE  
 Method: Least Squares  
 Date: 03/06/17 Time: 13:27  
 Sample: 1999 2015  
 Included observations: 17

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	24.69792	6.785988	3.639546	0.0024
INTEREST	1.514473	0.428744	3.532351	0.0030
R-squared	0.454099	Mean dependent var		47.95243
Adjusted R-squared	0.417705	S.D. dependent var		8.894580
S.E. of regression	6.787296	Akaike info criterion		6.778113
Sum squared resid	691.0107	Schwarz criterion		6.876138
Log likelihood	-55.61396	Hannan-Quinn criter.		6.787857
F-statistic	12.47750	Durbin-Watson stat		1.497557
Prob(F-statistic)	0.003017			

Source : Eviews 8 Result, 2017 (Processed by researcher)

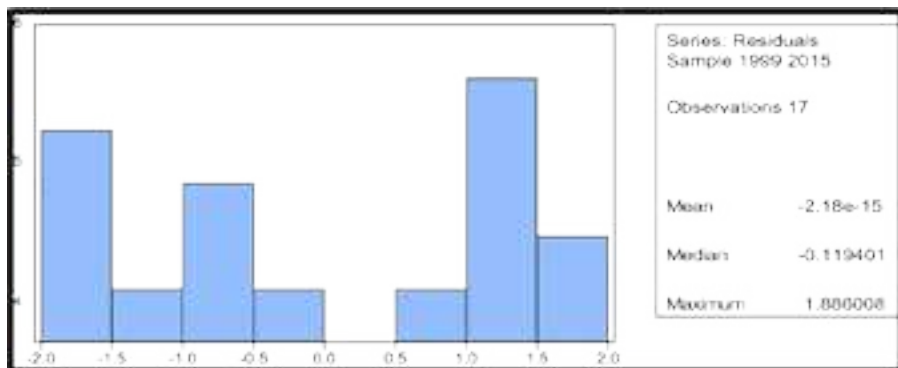
Probability value of variable interest is 0,003 under 1% level of significance which means interest significantly affects

trade, coefficient value shows 1,51 (positive) and R-square 45%. Estimation above can be interpreted that as one per cent increase in interest rate will lead to increase the rate of trade by 1,51%.

**Islamic Bank Clerk (BSM)**

Islamic bank clerks gain their income from islamic bank profit, then the income is used to fulfill their household’s needs. Islamic bank profit uses PLS scheme to replace interest because of riba prohibition. In model 2, this paper trying to analyse relationship between interest and islamic bank profit. For normality test below, with level of significant is 1%, error terms are distributed normally because probability value is 0,40 above 1%.

Graph 4. Normality test in Model 2



Source : Eviews 8 Result, 2017

Later for heteroscedasticity test, performing white test, model 2 shows that there is no heteroscedasticity in variance because probability value of prob. obs\*R-squared shows 0,39, above 1% level of significance.

Table 3. Heteroskedasticity Test in model 2: White

F-statistic → (0.862215)	Prob. F(2,14) → (0.4435)
Obs*R-squared → (1.864316)	Prob. Chi-Square(2) → (0.3937)
Scaled explained SS → (0.289775)	Prob. Chi-Square(2) → (0.8651)

Source: Eviews 8 result, 2017

Table 4. Autocorrelation Test in model 2: Breusch-Godfrey  
Serial Correlation LM Test

F-statistic → (3.617346)	Prob. F(2,13) → (0.0564)
Obs*R-squared → (6.078163)	Prob. Chi-Square(2) → (0.0479)

Source: Eviews 8 result, 2017

The last is autocorrelation test. With lag 2, this paper performs serial correlation test by using BG test and the result can be seen in table 2 above. Probability value of obs \*R-squared more than 1% which means there is no serial correlation among residual with 2 period of residual before. Model 2 has BLUE estimator. Probability value of variable interest is 0,000 under 1% level of significant which means interest has relation to Islamic bank profit, and coefficient value is 0,44 (negative) and R-square 63%. The result below shows for full result of the regression in model 2

Dependent Variable: LOG\_IslamicBankProfit

Method: Least Squares

Date: 03/06/17 Time: 14:32

Sample: 1999 2015

Included observations: 17

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	16.08275	1.407560	11.42598	0.0000
INTEREST	-0.448669	0.088931	-5.045152	0.0001
R-squared	0.629204	Mean dependent var		9.193505
Adjusted R-squared	0.604485	S.D. dependent var		2.238561
S.E. of regression	1.407831	Akaike info criterion		3.632108
Sum squared resid	29.72982	Schwarz criterion		3.730133
Log likelihood	-28.87292	Hannan-Quinn criter.		3.641852
F-statistic	25.45356	Durbin-Watson stat		0.725997
Prob(F-statistic)	0.000145			

Source : Eviews 8 Result, 2017 (Processed by researcher)

From data estimation above, it can be interpreted that as interest rate increase by 1 per cent, the rate of profit BSM gain will reduce by 0.448%.

## DISCUSSION

According to results which are presented before, both models (model 1 and 2) are all BLUE and can be interpreted. Interest rate as a proxy of riba in this study can affect both income of merchant and also income of Islamic bank clerk especially in BSM. Table 5 below summing up regression result from model 1 and model 2.

**Table 5 : Coefficient among Variables**

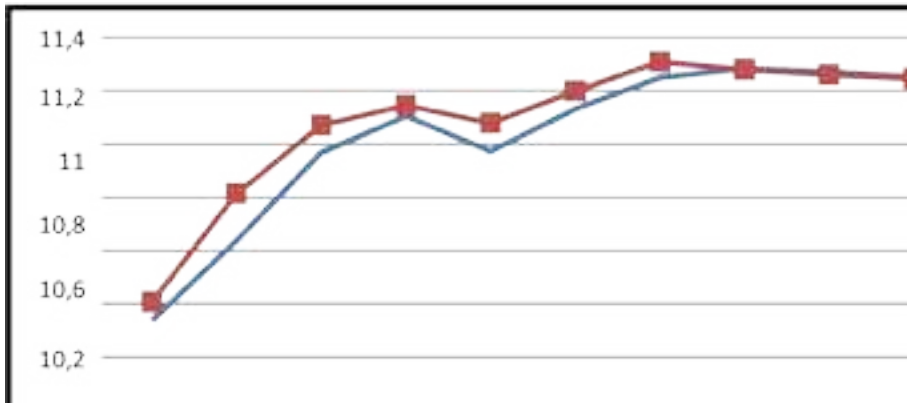
Variable	Coefficient	Prob.
Interest to trade	1,51	0,0030
Interest to Islamic Bank Profit (BSM)	-0,45	0,0001

Source: Researcher, 2017

From the literature review, two hypotheses are stated that interest have significant effect both to income of merchant and income of Islamic bank clerk. This result prove a hadith which is stated by Prophet Muhammad long period ago that, in a nutshell, people cannot avoid the existence of riba , eventhough they want to avoit it, they will afflicted by its dust. Merchant trade their goods through export or import of their goods and interest can infiltrate merchant's trade through nominal exchange rate then affect in their price of goods which are traded (exported or imported).

The positive sign between interest and income of merchant which is proxied by merchandise of GDP depicts that the rise of interest, especially lending interest rate, will affect to the increase amount of total merchandise, by 1,51%. Theoretically in open economy approach, the rise of interest will decrease investment rate that will affect to higher saving than investment in real sector and leads to the decrease of real exchange rate. the decrease rate of real exchange rate will relatively reduce the price of domestic product, then will rise export rate.

### Graph 6 : Export and Import Growth in Indonesia 1990-2015



Source: World Bank, 2017 (Processed by Ms. Excel 2007)

The graph above explains export and Import Indonesia from 2000 to 2015. Eventhough in current account shows decrease from 2011, but overall trend of export and import is rise with goods for export is higher than import.

Islamic bank clerks theoretically gains their income from profit of the bank through PLS scheme to replace interest. However based on Chou and Liu (2009) study, they find that Islamic banks deposit are pegged to conventional ones. This study argues that as interest rate in conventional bank rise, return from PLS will be higher following the conventional one. This pattern explains on how interest rate significantly affect Income of Islamic bank clerk.

The negative sign of interest related to Islamic bank profit depicts that as rate of interest rate rise, in average Islamic bank profit (BSM) will go down by 0,45%. This result is interesting because of the slight different with other study such as Hamza (2015) that find interest rate affects positively with investment deposit return. In this case, the best explanation to justify the negative result comes from study conducted by Hutapea and Kasri (2010) where they found that interest rate has negative effect on Islamic bank margin.

The rise of interest will be responded by Islamic bank to decrease bank margin because as interest rate increase, *ceteris paribus*, Islamic bank's consumers withdrawn their fund and



transfer it to conventional counterpart. This statement are supported by study which is conducted by Aysn et al (2017) who find that Islamic banks depositors do not hesitate to withdrawn their deposit in Islamic bank when they see opportunity cost rise due a rise in the interest rate. This condition making Islamic bank has less liquidity (which means less ability to lending money) and will affect to the lower bank margin. lower islamic bank margin then lead to lower Islamic bank income since bank margin is a major source of income for the indonesian Islamic banks (Hutapea and Kasri, 2010). Hutapea and Kasri (2010) study the same bank, Bank syariah Mandiri (BSM), as their sample.

This result has significant contribution to household preference as they are the economic agent that supply labor to merchant and also islamic bank clerk. People that choose as a merchant because they know several hadiths and also Quran that suggest to become a merchant will gain much benefit when the rate of interest raise. However when people choose to become an Islamic bank clerk (Especially in BSM as a case study), their income will be at risk as the rate of Islamic bank profit go down. In addition, based on degree of relationship among interest to both, merchant and Islamic bank clerk, sensitivity analysis shows that merchat is kind of occupation that has higher relationship compared to Islamic bank clerk (in BSM).

Several implication can be derived from the result. If the government want to level up the entrepreneurship in Indonesia, it is better to increase the rate of interest rate eventhough the investment rate will go down. However, the rise of interest will rise export rate because of domestic good relatively cheap. Furthermore, this condition hopefully will stimulate new traders to the market. The second implication is when government want to make people prefer to become Islamic bank clerk and increase supply of labor for Islamic bank. That condition can be pursued through reduction of the rate of interest. By this condition, profit of Islamic bank become higher, making Islamic bank can accomodate higher demand of people that want to become Islamic bank clerk. The last, theoritically, this study contradict with Zaman (2013) that states "logical positivism are in conflict in Islam, anti-islam, and cannot be used to built islamic economic theory". This study is important because by

using logical positivism, this study can prove the hadith about riba that has been predicted by Prophet Muhammad, and also in the same time cast light upon the phenomenon as it is, so positive and negative impact can be seen.

## CONCLUSION

Most Islamic Scholars agree that one form of riba is interest and it must be prohibited. However, Indonesia that does not use sharia-law as its National principle, therefore it can not easily prohibit the use of interest. Prohibition of interest can be acquired through formal law that is approved by President and House of Representatives. In economy, Interest has many effects on almost all kind of activities, including occupation of someone as a source of their income. This condition is predicted by Prophet Muhammad centuries ago through a hadith that, in a short, explained that people will still eat the "the dust of riba" even though they want to avoid it. Therefore, interest rate would be has any relation to occupation. This study try to investigate the relationship between interest rate and household occupation preference, viz merchant and Islamic bank clerk. The result shows that a hadith about riba is now confirmed based on statistical data that show the significant relation between interest rate as a proxy of riba to both merchant and Islamic bank clerk. Furthermore, as interest rate rise, merchant gains higher income but Islamic bank clerk's income (BSM) is at risk because of the reduction of Islamic bank profit. In addition, based on sensitivity analysis, that shows the degree of relationship, merchant has more relationship to interest rate rather than Islamic bank clerk (BSM).

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