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Article

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Reference: Hidayat, Rahmad/Sadalia, Isfenti et. al. (2018). Factors affecting the financing of profitability using non performing financing as moderating variable in sharia business unit of bank sumut (Bank of North Sumatera) in North Sumatera. In: Academic journal of economic studies 4 (1), S. 94 - 104.

This Version is available at:

<http://hdl.handle.net/11159/1870>

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Factors Affecting the Financing of Profitability Using Non Performing Financing as Moderating Variable in Sharia Business Unit of Bank Sumut (Bank of North Sumatera) in North Sumatera

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Abstract Shariah financing has also various kinds of agreement. Its fund has be distributed to low risky sector in order to produce the optimal income in the preparation of Bank Sumut UUS for spin off in 2018. The objective of the research was to analyze the influence of Third Party Fund and CAR on Financing and the influence of Third Party Fund, CAR and ROA as well as to test the significance of Non Performing Financing as the moderating variable on ROA. The sample of the research included 5 (five) Branch Offices on Bank Sumut UUS by taking the annual final statements from 2010 until 2015. The instruments used were regression method of panel data, regression method of moderating and path analysis using EViews software. The Third Party Fund did not have any significant influence on ROA with financing as the intervening variable, and neither did CAR on ROA with financing as the moderating variable, had insignificant influence on ROA statistically. Moreover, the Third Party Fund, CAR and Financing had insignificant influence statistically at significant level 5% on ROA with Non Performing Financing as the moderating variable. The implication of this research was that Bank Sumut UUS had to pay attention to the financing risk to make optimal profit s well as micro an macro economic factors for financing provided for productivity an consumer.

Key words Third Party Funds, CAR, Financing, Profitability, Non Performing Financing, ROA

JEL Codes: G21, G24, G32, L14

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1. Introduction

The development of sharia banking system in Indonesia is executed in the framework of dual-banking system or double banking system within the framework of Indonesian Banking Architecture (API), to present a more complete alternative banking services to the people of Indonesia. Taken together, the sharia banking system and conventional banking synergistically support the mobilization of public funds more broadly to improve financing capabilities for the sectors of the national economy. Under the Regulation of the Financial Services Authority Number 28/POJK.05/2015, the conventional bank wishing to open the Sharia Business Unit (UUS) is sufficient to provide only Rp.2 billion in initial capital in the form of capital set aside, for each branch opening Rp.1 billion and for each opening of a sub-branch office of Rp.500 million.

To be able to separate UUS OF BANK SUMUT from its parent, a good level of productivity performance support should be established. In this case, the success of the operation of UUS OF BANK SUMUT is indicated by the profit earned since profit is the main objective of every business unit, as to UUS OF BANK SUMUT. By earning decent profit, UUS of Bank Sumut would be able to maintain its continuity. The significance of profit is due to the assessment of managerial performance of UUS of Bank Sumut is determined by the earned profit within a period. Many factors affect the level of profit growth in UUS OF BANK SUMUT, including operational income and operational costs. Bank's revenues and expenses are heavily influenced by third party funds that can be collected and financing that can be disbursed, in addition to both of them, the profit of UUS OF BANK SUMUT is also influenced by the decreasing quality of financing that is Non Performing Financing (NPF).

In addition to risk factor, the amount of financing disbursed by Sharia Business Unit of Bank Sumut is also influenced by other things, such as capital adequacy ratio (CAR). The increasing CAR ratio will make room for the bank to expand its financing, on the contrary if there is a decrease in the CAR ratio the bank is faced with the choice, whether to increase its capital for financing expansion or remain with existing capital but not expansion financing. Based on the above description, the purpose of this research is to reveal and analyze the influence of Third Party Fund (DPK), Financing and Capital Adequacy Ratio (CAR) to Profitability. Then proceed by analyzing the influence of Third Party Fund (DPK), Financing and Capital Adequacy Ratio (CAR) variables, testing the financing significance as the mediation variable between DPK and CAR as well as testing the significance of NPF variable as Moderating variable between DPK, Financing and CAR on ROA.

2. Literature review

2.1. Syariah (Syariah) Bank

Syariah bank is an intermediary institution and provider of financial services which works based on Islamic ethics and value system, specifically free of interest (*Riba*), free of nonproductive speculative activity, free of unclear matter (*Gharar*), based on principle of justice and financing *halal* business only (Muda and Rafiqi, 2014). There are two functions of Syariah bank, i.e.: (1) as an enterprise to collect fund, distribute fund and provide financial or non-financial services, and (2) as a social institution to collect and distribute alms and distribute benevolent fund (Ascarya and Yumanita, 2005) There are four products of syariah bank i.e.: (1) Financing products, which include deposit system (*Wadiah*) in current account and saving, loan (*Qardh*) in current account and saving, profit-sharing (*Mudharabah*) in saving, deposit and obligation, and rent (*Ijarah*) in obligation, (2) Financing products, which include profit-sharing system (*Mudharabah* and *Musyarakah*) in investment and working capital financing, trade (*Murabahah*, *Salam*, *Isthisna*) in property financing, rent (*Ijarah*) in hire purchase and asset acquisition, and loan (*Qardh*) in security financing, (3) banking service products, which include deposit system (*Wadiah*) in safe deposit box, profit-sharing (*Mudharabah*) in restricted investment, and other systems (*Wakalah*, *Kafalah*, *Hawalah*, *Rahn*, *Ujr*, *Sharf*) in transfer and clearing, (4) social activity products in loan system (*Qardh*) for bailout for customers and contribution to small enterprises (Ascarya, 2011).

2.2. Profitability

Profitability or ability to gain profit is a measure in percentage to assess how far company can produce acceptable level of profit. Profitability is expressed in profit rate before or after tax, investment return, earnings per share and sales. Profitability value is a measure of the health of a company (Khalidun and Muda, 2014; Muda *et al.*, 2016). Michelle and Megawati (2005) state that profitability is a company's ability to produce profit to be the basis of the company's dividend payout. Profitability describes enterprise's ability to produce profit using all of its capital. According to Muda and Khalidun (2014), "profitability ratios measure management's objectiveness as indicated by return on sale, asset and owners' equity."

Profitability also has significant meaning in maintaining a business' survival in long term because it shows whether the company has good prospect in the future. Therefore, every company tries to increase its profitability, because the higher the profitability of a company, the more guaranteed its survival. As stated by Lutfie *et al.*, (2016) in "Productivity, Profitability and Financial Performance", two-dimensional comparative analysis is important for employee performance. Profitability and productivity and independent findings from certain activity sectors and financial condition seem to show weak market pressure and small behavioral trend in more efficient and more profitable companies in growing more rapidly.

The profitability ratios are: (1) Return On Asset (ROA) which is measured by net profit after tax divided by total asset, (2) Return On Equity (ROE) which is measured by net profit after tax divided by bank capital/equity, (3) Net Interest Margin (NIM) which is net profit divided by average productive asset, (4) Operational Expenses to Operating Income (BOPO) which is total operating expenses divided by total operating income (Muda *et al.*, 2015; Lutfi *et al.*, 2016). (SE BI No.3/30/DPNP 14 December 2001) However, the present study only used Return on Equity (ROE) ratio.

2.3. Non Performing Financing (NPF)

According to Indonesia Dictionary (KBBI), Non-Performing Loan (NPL) or Non Performing Financing (NPF) is problem loans, which consist of non-performing, questionable and bad credits. The term NPL is for conventional banks and NPF for Syariah banks. Non-performing financing (NPF) is a key indicator of bank performance (Muda *et al.*, 2016). According to Statement of Financial Accounting Standard (PSAK) No. 31 (2000 Revision), non-performing credit or financing is credit in which the payment of principal and/or interest is 90 days past due date, or credit in which its timely payment is in question. NPF can be broadly defined as a credit in which the payment is halted and doesn't cover the determined minimum obligation so that the credit is difficult to be paid off or even can't be billed. According to Siamat (2005), non-performing financing is loan which is difficult to pay off due to internal intentional factor and/or due to external factor beyond the control of loaning customer. According to Mahmoedin (2004), non-performing financing is basically caused by internal and external factors. Internal factors may be mismanagement and side streaming. Meanwhile, external factors are usually macro conditions, such as inflation, price fluctuation and foreign currency exchange rate, as well as condition of sunset industry. Both factors are inevitable due to interrelated interests, thus influencing bank's business activities.

2.4. NPF Level in *Mudharabah* Financing and *Musyarakah* Financing

Every financing has risk for bank and bank customer. According to Antonio (2005), there are risks in *Mudharabah* financing and *Musyarakah* financing, especially in their implementation on relatively high financing. They are; 1) *side streaming*, in

which customer doesn't use the fund as stated in contract; 2) negligence and deliberate mistake; 3) profit hiding by dishonest customer.

2.5. Mudharabah Financing

Mudharabah financing is cooperation between a partner, who gives money to another partner to be invested in commercial company. Bank (*Shahibul Maal*) is obligated to give 100% fund to customer (*Mudharib*) and *Mudharib* only manages business determined by *Shahibul Maal*. Profit is shared based on agreement in the beginning of the contract and loss will be borne by capital owner. Manager is also responsible if the loss is caused by the manager (Rivai, 2012). The requirements for *Mudharabah* financing are (1) capital must be money or goods which are valued, has known amount, must be cash and not account receivable, (2) profit must be divided between the two parties, the amount of profit is agreed on in the beginning of contract, fund provider bears loss. The principles of the financing contract are (1) contract actor, (2) contract object, (3) consent and granting (Jayadi, 2011). Types of *Mudharabah* financing are: (1) *Mudharabah Muqayyadah*, in which business type is determined by bank (*Shahibul Maal*) and customer only manages it, (2) *Mudharabah Mutlaqah*, in which business type may be determined by customer (*Mudharib*), although capital is borne by *Shahibul Maal* (Sulhan and Siswanto, 2008). *Mudharabah* financing in Indonesia banking is financing to finance investment, working capital and facility provision. Profit-sharing is calculated by revenue sharing, because the risk borne has smaller loss. Capital owner's income depends on business uncertainty and expenses which arise in the process (Ascarya, 2011).

2.6. Musyarakah Financing

Musyarakah financing is cooperation with two businesspeople or more work as business partners in a business. Every party gives capital and manages the business. Profit and loss will be divided by percentage of capital (Ascarya, 2011). The requirements are (1) contract application, (2) legitimacy of contract, (3) realization of contract, (4) common requirements. The principles of contract are (1) contract actor, (2) contract object, (3) consent and granting. Ascarya (2011) Types of *Musyarakah* financing are: (1) *Syirkah al-milk* which is ownership of a property by two or more parties, (2) *Syirkah al-'aqd* which is partnership due to joint contract. *Syirkah al-'aqd'* consists of: (1) *Syirkah al-amwal* which is cooperation between business partners in which capital contribution and work aren't equal, (2) *Syirkah al-mufawadhah* which is cooperation between business partners with equal capital contribution, profit-sharing and work management, (3) *Syirkah al-a'mal* which is cooperation in which all business partners provide services to customers, (4) *Syirkah al-wujuh* which is cooperation between business partners who don't invest at all (Ascarya, 2011). The banking system in this financing is similar with *Mudharabah* financing, which is by revenue sharing method due to small risk. With this method, fund owner never experiences loss or at least zero profit-sharing (Ascarya, 2011).

3. Methodology of research

3.1. Type and Nature of the Research

Based on the type of data, this study was a quantitative research, a research using numbers as a research approach with causal method (Causal Research) between variables associated with moderation variables in this study (Sihombing *et al.*, 2016; Syahyunan *et al.*, 2017; Badaruddin *et al.*, 2017; Azlina *et al.*, 2017; Achmad *et al.*, 2017; Muda *et al.*, 2017; Nurlina *et al.*, 2017; Sadalia *et al.*, 2017; Sirojuzilam *et al.*, 2017; Yahya *et al.*, 2017; Erlina *et al.*, 2017 and Ferine *et al.*, 2017). The data used in this study was in the form of numbers which is the ratio number. It is a descriptive statistics research. According Handoko *et al.*, (2017); Nasir *et al.* (2017); Hasan *et al.*, (2017), descriptive research is a type of research that aims at describing the facts and nature of a particular object or population systematically, factually and accurately. Causal research is those aimed to test the hypothesis and the research to explain the phenomenon in the form of relationship between variables. The main objective of this study is to identify causal relationship among various variables (Muda and Dharsuky, 2015; Dalimunthe *et al.*, 2016; Nurzaimah *et al.*, 2016; Lubis *et al.* 2016; Tarmizi *et al.*, 2016, 2017; Muda, 2017). This research used a quantitative approach. Quantitative research emphasizes on the theoretical testing through the measurement of research variables using numbers and performing data analysis with statistical procedure.

3.2. Location and Time of Study

The research was conducted in Medan based on the financial report of Bank Sumut's Sharia Business Unit in Sumatera. The time of this research was 2 (two) months which executed in December until January 2016.

3.3. Population and Sample

The target population in this study was the Branch Office of Sharia Business Unit of Bank Sumut located in North Sumatra, submitting annual consecutive financial reports on the website of Bank Indonesia (www.bi.go.id) for 6 years. Based on these provisions then used in this study were as many as 5 branches of Bank Sumut Sharia Business Unit.

3.4. Types and Data Sources

The type of data used in this study was secondary data sourced from the collection of information presented in the year-end financial statement submitted by Bank Sumut's Sharia Business Unit through the website of Bank Indonesia (www.bi.go.id) or the Financial Services Authority (www.ojk.go.id).

3.5. Identification and Operational Definition of Research Variables

1. Endogenous Variable is financing risk, namely Financing (Y_1) and ROA (Y_2)

a. Financing is the total of the financing with the profit sharing agreement that is Mudharabah, Musyarakah Financing with the sale and purchase agreement that is Murabahah and financing with akad Qardh

b. Profitability = ROA (Y_2)

$$ROA = \frac{\text{Pr ofitbefore tax}}{\text{Total Asset}} \times 100\% \quad (1)$$

2. Exogenous Variables are:

a. Third-Party Funds (DPK) (X_1)

$$\text{Third-Party Funds (DPK)} = \text{Current Account} + \text{Savings} + \text{Deposits} \quad (2)$$

b. Capital Adequacy Ratio (CAR) X_2

3. Moderating Variable is:

$$\text{Troubled Financing} = \text{NPF (M)}$$

Financing will be categorized as NPF: code 3 (substandard), code 4 (doubtful) and code 5 (stuck).

$$NPF = \frac{\text{Troubled Financing}}{\text{Total Financing}} \times 100\% \quad (3)$$

3.6. Model of Data Analysis

Hypothesis testing is done by using path analysis model and data processing using EViews software. The mathematical model of the path model based on this research hypothesis, formulated as shown below:

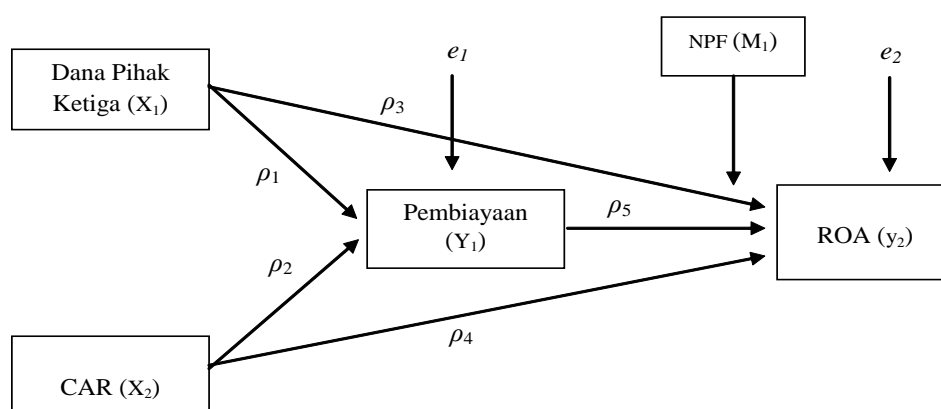


Figure 1. Full Model Structural

The equation of each sub-structure is:

$$Y_1 = \rho_1 Z X_1 + \rho_2 Z X_2 + e_1$$

$$M_1 = \alpha + \rho_5 Z Y_1 + \epsilon$$

$$lel = \alpha + \rho_5 Z Y_2 ROA + \epsilon$$

$$M_1 = \alpha + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_3 X_3 + \epsilon$$

$$lel = \alpha + b_4 X_3 ROA + \epsilon$$

The direct and indirect effects can be explained as follows:

1. Direct effect
 - a. The effect of each variable X1 and X2 on Y1 are respectively ρ_1, ρ_2
 - b. The effect of each variable of Y1 to Y2 is ρ_5
2. Indirect effect
 - a. The effect of each variable X1 and X2 on Y2 through Y1 is as follows:
 - b. The effect of X1 and Y2 through Y1 is $(\rho_1) (\rho_5)$
 - c. The effect of X2 and Y2 through Y1 is $(\rho_2) (\rho_5)$

3. Total effect

The total effect of each variable of X1 and X2 to Y2 through Y1 is as follows, as follows:

- a. The effect of X1 on Y2 through Y1 is $\rho_3 + (\rho_1) (\rho_5)$
- b. The effect of X2 on Y2 through Y1 is $\rho_4 + (\rho_2) (\rho_5)$

3.7. Classic assumption test

Covers normality test, Heteroskedasticity Test, Autocorrelation Test, Hypothesis testing

Regression analysis was performed to determine the influence of a variable on another variable (Nurzaimah *et al*, 2016). The independent variables in this study were the DPK and CAR, while the dependent variable was profitability (ROA). Multiple regression analysis is a regression that has one dependent variable and have more than one independent variable (Lutfi, *et al.*, 2016; Dalimunthe *et al.*, 2016; Tarmizi *et al.*, 2016 and Muda *et al.*, 2016, 2017). In the present study the independent variable was numeric variable. Testing is done include Test F (Simultaneous Test), Coefficient of Determination (R2) and Test t (Partial Test).

4. Results and discussions

4.1. Results

4.1.1. Descriptive Statistical Analysis

The minimum ROA value is -2.99 and the maximum ROA value is 7.97. While the mean and standard deviation of ROA is 1.96 and 2.69. Bank Indonesia Regulation governing the Rating of Sharia Banking Health, that in the assessment of ROA ratio of the highest rating for ROA ratio > 1.5%. Minimum DPK is 16.81 and maximum DPK value is 28.005. While the average and standard deviation of DPK is 1.978. It can be seen that the Bank of North Sumatra UUS from the beginning of operations continue to experience increased growth of third party funds above 10%, this illustrates that the Bank of North Sumatra UUS is one of the banks trusted by the public. The mean and standard deviation of the CAR is 3.92. Viewed from CAR branching, the minimum value is below 8% but consolidation of CAR of UUS OF BANK SUMUT is still above 8%, however to avoid risk, Bank of North Sumatra should also pay attention to CAR for not less than 8%. The minimum NPF value is 0.00 and the maximum NPF value is 35.45. While the mean and standard deviation of the NPF is 9.35. It can be seen that significant growth of UUS OF BANK SUMUT financing is not accompanied by stable NPF ratio, it can be deduced that in addition to the increasing financing distribution every year the NPF ratio also increases every year. Minimum financing is 21.87 and the maximum financing value is 28.12. While the average and standard deviation of the Financing is 1.54. Financing of UUS OF BANK SUMUT continues to experience significant growth, one of the factors that increase the growth of financing is by adding the network of UUS OF BANK SUMUT office.

4.1.2. Regression Analysis

Substructure Equation I

The regression equation for substructure I as follows.

$$\text{Financing (Y1)} = 0,574405\text{DPK (X1)} - 0,0009499\text{(X2)} + 0,51$$

Substructure Equation II

The regression equation for substructure II is as follows.

$$M_1 = \alpha + \rho_5 ZY_1 + \varepsilon$$

$$|e| = 7,549829-0,635535$$

Substructure Equation III

Based on regression result with moderating variable of panel data for equation of substructure III, the following path coefficients are obtained as follows:

$$M_1 = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + b_3X_3 + \varepsilon$$

$$|e| = 7.549829 - 0.659487$$

The relationship of each variable after the calculation based on the direct relationship, indirect and total of each variable is shown in the Figure 2 as follows:

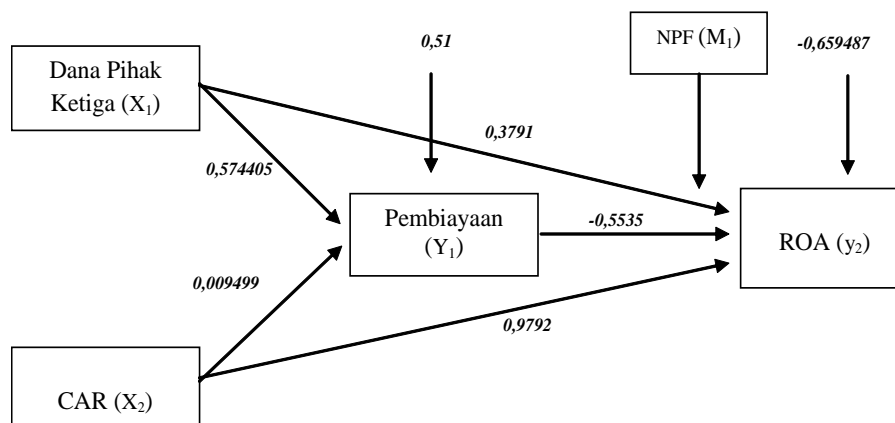


Figure 2. Relationship Coefficient Line of Research Model

4.2. Discussions

Based on the result of hypothesis testing, it is known that the mutual influence of the variables of Third Party Fund (X_1), CAR (X_2) and Financing (Y_1) on ROA (Y_2) with the probability value of 0.893 is bigger than the significance level of 0.05. Note that the coefficient of ROA is -0.659, which is negative but not significant ($0,8905 > 0,005$). This means that the NPF (M) variable is not significant in moderating the relationship between DPK (X_1), CAR (X_2) and Financing (Y_1) to ROA (Y_2). Thus the NPF (M_1) does not have the strength to strengthen or weaken the relationship between DPK (X_1), CAR (X_2) and Financing (Y_1) to ROA (Y_2).

Based on the coefficient value of determination R^2 lies in column R-Squared. It is known that the coefficient of determination is $R^2 = 0.09$. The value means all independent variables, i.e. Third Party Funds (X_1), CAR (X_2) and Financing (Y_1) simultaneously or simultaneously affect ROA (Y_2) by 9%, the remaining 91% is influenced by other factors. The error value for this substructure equation is $\sqrt{1 - 0.09} = 0.95$.

Other influences affecting ROA in UUS OF BANK SUMUT based on table 4.12, besides obtaining profit sharing and margin from financing, is significant revenue of UUS OF BANK SUMUT also obtained from operating income consisting of profit sharing profit / margin from financing channeled to customer role to increase operating income of UUS OF BANK SUMUT. A good level of efficiency is reflected in the relatively low BOPO ratio (operating expenses compared to operating income) below 70% which also plays an important role in ROA ratio in UUS OF BANK SUMUT. Revenue-sharing revenue/margin derived from financing is also maintained well although not as big as if all financing of UUS OF BANK SUMUT is in good condition. The cost of funds (profit sharing expense) for third party funds customers and second party funds (interbank) is relatively stable with an average increase every year 13, 29% when compared with the growth of third party funds of UUS OF BANK SUMUT which averaged 25, 34% is far below it. Other operating income comprising placements to other sharia banks, placement of funds in Bank Indonesia in the form of SBIS and FASBIS, in addition to administrative income derived from savings, demand deposits, financing and bank services as well as administrative income and revenues from the correction of Provision for Earning Assets Backup (PPAP) is big enough to affect the profitability of UUS OF BANK SUMUT.

Based on the results of hypothesis testing, it is known that the partial influence of variable Third Party Fund (X_1) is not statistically significant to Financing (Y_1). The coefficient value of T test for Third Party Fund variable is 0.057. Since the probability value of the t test is 0.000 which is less than 0.05 then it is concluded that the partial influence of Third Party Funds is statistically significant. The results of this study are not in line with research conducted by Judge (2006) on BMT Bangun Amratani Salaman Magelang stating that Third Party Fund has no effect on Financing. However, the results of this study are in line with research conducted by Liliani and Khairunisa (2014) which states that Third Party Funds positively and significantly influence on Revenue Sharing means higher financing then Third Party Fund will also be higher.

Based on the results of hypothesis testing is known partial influence of variable CAR (X_2) is not statistically significant to Financing (Y_1). The probability value of CAR variable (X_2) is 0.77 bigger than the significance level, that is 0,05 with

coefficient value 0,009 bigger than 0, this means direct influence between CAR (X2) with Financing (Y1) have positive effect yet not significant. The results of this study are in line with research conducted by Putu and Ketut (2014) who conducted research on the Influence of Capital Adequacy Ratio, Distribution of Credit and Non-Performing Loan on Profitability of banks listed in Indonesia Stock Exchange 2010-2012 period that CAR have positive and not significant. However, the results of this study are not in line with research conducted by Primary (2010) who conducted research on Commercial Banks in Indonesia Period of 2005-2009, states that the CAR has a negative and significant impact on bank credit. Based on the result of hypothesis testing, it is known that the mutual influence of Third Party Fund (X1) and CAR (X2) variables is statistically significant to Financing (Y1). 0.0000000 probability value because the probability value is smaller than the significance level, that is 0,05, then the simultaneous influence of the independent variable of Third Party Funds, CAR together has a significant effect on financing. With coefficient value of determination equal to $R^2 = 0,73$. The value means all independent variables, ie Third Party Fund, CAR simultaneously or simultaneously affects the financing variables of 73%, the remaining 27% influenced by other factors. The error value for this substructure equation is $\sqrt{1 - 0,73} = 0,51$. The results of this study are in line with research conducted by Wirdiantika and Kusumaningtias (2014) who conducted research on the effect of DPK, CAR, NPF and SWBI on Murabaha Financing at Sharia Commercial Banks and state that Third Party Fund and CAR simultaneously have significant effect on Murabahah Financing. Based on the results of hypothesis testing, it is known that the partial influence of the variable of Third Party Fund (X1) is not statistically significant to Financing (Y1). The coefficient value of T test for Third Party Fund variable is 0.057. Since the probability value of the t test is 0,000 which is smaller than 0.05, it is concluded that the Partial Funds Partial influence is statistically significant, but the Financing channel (Y1) to ROA (Y2) based on the hypothesis test of probability value 0.988 is greater than from 0.05 or insignificant. Thus, financing is not significant in mediating the relationship between Third Party Funds against ROA. The results of this study are in line with research conducted by Setiawan (2016) that financing does not mediate the influence of third party funds on the profitability.

Based on the results of hypothesis testing, it is known that the influence of variable CAR (X2) statistically significant to Financing (Y1). The probability value of CAR (X2) is 0.77 bigger than significance level, that is 0.05 with coefficient value 0,009 bigger than 0, this means direct influence between CAR (X2) with Financing (Y1) has positive effect and is not significant, nor is the Financing line (Y1) to ROA (Y2) based on the hypothesis test of probability value 0.988 greater than from 0.05 or not significant. Thus, financing is not significant in mediating the relationship between CAR and ROA.

Thus, this study is in line with research conducted by Setiawan (2016) that financing does not mediate the effect of CAR on to profitability. In general, the growth of ROA will be followed by the growth of financing, because the main operational income of sharia bank comes from the financing distribution, the increase of financing will automatically lower the CAR ratio of a bank because bank capital will decrease at the time of the Weighted Assets According to the Resio (ATMR) an increase. One of the largest weighted assets in the world of sharia and conventional banking is financing or credit. Based on the result of hypothesis testing, it is known that the influence of probability value from Third Party Fund Variables (X1) that is 0.3791 is bigger than the level of significance, that is 0,05 with coefficient value 0.42 bigger than 0, this means direct influence between Third Party Fund with ROA (Y2) is positive and insignificant. Thus any increase in third party funds can also increase ROA ratio but not significantly affect the profit of UUS OF BANK SUMUT.

The results of this study are not in line with research conducted by Atika and Nirdukita (2014), stating that Third Party Funds have a significant negative impact on ROA, because at the time of the bank to collect Third Party Funds banks are required to pay for the results. Thus, to avoid the negative impact of Third Party Fund growth, the bank must maximize the channel in the form of financing. Based on the results of hypothesis testing It is known that the probability value of CAR (X2) is 0.9792 greater than the level of significance, that is 0.05 with a coefficient value of 0.003 greater than 0, this means the direct influence between CAR (X2) on ROA (Y2) positive but not significant. The results of this study are in line with research conducted by Putri (2015) which states that CAR has no effect on profitability (ROA) at National Private Bank (BUSN) listed on Jakarta Stock Exchange. Similarly, the results of research conducted by Putu and Ketut (2014) who conducted research entitled Influence of Capital Adequacy Ratio, Credit Distribution and Non-Performing Loan on Profitability of Banks Listed on the Stock Exchange of Indonesia 2010-2012 period which concludes that the CAR has positive but insignificant effect.

Based on the result of hypothesis testing, it is known that the influence of probability value from Financing (Y1) is 0.0425 smaller than the level of significance, that is 0.05 with coefficient value -0.991 smaller than 0, this means the direct influence between Financing with ROA (Y2) is negative and insignificant. The results of this study are not in line with the results of research conducted by Atika and Nirdukita (2014) which states that financing has a positive and significant impact on ROA, from the results of this study, it can be concluded that any increase in financing disbursed generate profit sharing

to improve bank profitability. The channeling of financing with a maintained level of health will automatically improve bank profitability. The average annual financing growth of UUS OF BANK SUMUT is above 20%, but significant growth of financing is not followed by good financing quality, by comparing the non-performing finance (NPF) figure reaching 35% it can be concluded that the financing in UUS Of Bank Sumut there are still many problematic financing.

Based on the result of hypothesis testing, it is known that the direct influence of financing variable (Y1) with NPF (M1) as moderating variable to ROA (Y2) is -0.64, with probability value 0,1063 bigger than level of significance 0.05. It can be explained that the NPF (M1) variable is not significant in moderating the relationship between the amount of Financing (Y1) to ROA (Y2). A variable is said to be significant in moderating the independent variable if the regression coefficient of the independent variable is negative and significant. The results of this study contradict the results of research conducted by Wahyuni (2016) that the NPF has a significant effect in moderating the relationship between financing the sharing of results with the financial performance of sharia banks. In this study NPF (M1) does not moderate the relationship between Financing (Y1) and ROA (Y2) because although the NPF (M1) ratio in UUS OF BANK SUMUT is high but does not affect the ROA (Y2), it should have a high NPF because at the time of NPF high UUS OF BANK SUMUT must establish a Provision of Impairment Loss (CKPN) and Provision for Earning Asset Backup (PPAP) that will reduce earnings.

However, based on the results of research NPF UUS OF BANK SUMUT, no significant effect on ROA because UUS OF BANK SUMUT in its activities can do the operational cost emphasis (BOPO), other than that the payment of profit sharing of Third Party Fund (demand deposit, savings and deposit) to funding customer lower of revenues received from the Financing (lending) and the acquisition of revenue sharing from the placement of UUS OF BANK SUMUT funds to other banks (interbank deposits) and Bank Indonesia such as Bank Indonesia Sharia Certificates (SBIS), placements in Bank Indonesia Sharia Deposit Facility (FASBIS) is still able to increase the ratio of ROA (Y2).

5. Conclusions and suggestions

5.1. Conclusions

1. Partially, Third Party Funds (demand deposits, savings deposits) have significant effect on ROA, while CAR has no significant effect on ROA in Bank Sumut Sharia Business Unit.
2. Third Party Funds (demand deposits, savings deposits, deposits) and CARs simultaneously or simultaneously significantly affect the Financing of Bank Sharia Business Unit.
3. Financing does not significantly influence ROA with Non Performing Financing (NPF) as a moderating variable in Bank Sumut of Sharia Business Unit.
4. Third Party Funds (demand deposits, savings, time deposits) and CAR and Financing do not significantly affect the decrease of ROA in Bank Sumut Sharia Business Unit.
5. Third Party Funds (demand deposits, savings, time deposits) and CAR and Financing jointly did not significantly affect the decrease of ROA with Non Performing Financing (NPF) as a moderating variable at Bank Sumut Sharia Business Unit.

5.2. Suggestions

1. UUS OF BANK SUMUT should increase its capital by way of Bank Mother preparing capital according to the provision of Financial Services Authority (OJK) or investor to invest its capital, so that when become a Sharia Commercial Bank directly in bank position BUKU II.
2. UUS OF BANK SUMUT should consider the level of profitability and ratio of Non-Performing Financing (NPF) to smooth spin off process by increasing operational and non-operational revenue and improving performance of problem financing handling field in solving all problem financing.
3. Increase the accumulation of Third Party Funds by considering the current account saving account (CASA) ratio to deposits for cost of fund efficiency.
4. Expanding financing with low-risk contracts such as Murabahah financing, fixed profit sharing should be channeled but should be closely monitored and banks should be fully aware of the customer's business so that the bank's ability to generate profits can be achieved. Strengthen and optimize core business of banks in the retail sector.
5. In order to increase the asset for the purpose of spin off (becoming a Sharia Commercial Bank) the distribution of financing for productive enterprises and corporations should be improved by taking into account micro and macro-economic factors.

6. For further research, it can be added internal variables such as: BOPO ratio, revenue sharing, income from channeling of funds, and other financial ratios.

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