

# **CHAPTER I**

## **INTRODUCTION**

### **A. Background**

Bank in this modern very needed because Bank as a financial institution that function for raise funds in the form of deposits and distribute it to the public. Especially in the life and economic activity itself, for some people can choose which bank will be a destination to save money is divided into two conventional banks and Islamic banks.

Based on banking law No. 7 of 1992 concerning banking by Law No. 10 of 1998 explain the meaning of the bank as a company engaged in the service, the main activity has three main functions, namely, receiving deposit public funds in various forms , distribute the funds in the form of a credit to the community to develop businesses implement various services in trade and payment activities in the country and abroad, as well as a variety of other services in the areas of finance, including transfers, traveler checks, credit cards, safe deposit box, buying and selling a letter valuable, lending and investment world. Conventional banks were suffered from the monetary crisis, in contrast, shariah banks resistance to it and almost do not influence by those shocks, it was believed that anti interest system covered the banks from the crises.

The strong durability without using riba is one of many factors that make shariah banking still exist even though the economic crisis hit at that time. So shariah banking becomes one of industries which have the big impact to Indonesia economic. By keeping the performance quality in banking sector, it will make people more trusting to the shariah bank, and then economic growth will increase.

Islamic Bank were present in the representation of community needs in the financial sector providing services to improve the welfare of the conceptual. One of the differences of Islamic banks and conventional banks are of opening a new account for saving, money as loan administration. The process administration when the customer wants to open a new savings account (savings account) as a cash fee is offered directly by the customer service to charity, infaq, and sedekah. Here is one of Islamic banking products do not just want to offer a profit but raise funds and distribute directly to his people.

The other functions from Shariah Bank as a cooperate from Islamic (Shariah) Bank to service customer to in the form of credit lending to SME (Small Medium Enterprises). SMEs (Micro, Small and Medium Enterprises) is a form of visual outcome in the form of social economic activities of the community to benefit from the functionality and of course the sharia itself gains as welfare people.

The other products from financing department Syariah Bank are give a loan for customer. The products the consists are mudharabah, murabahah, musyarakah, ijarah.

The literal meaning of Musharakah is sharing. The root of the word "Musharakah" in Arabic is Shirkah, which means being a partner. It is used in the same context as the term "shirk" meaning partner to Allah. Under Islamic jurisprudence, Musharakah means a joint enterprise formed for conducting some business in which all partners share the profit according to a specific ratio while the loss is shared according to the ratio of the contribution.

## **B. Limitation**

Based on background in the above, researcher limit the scope of discussion to prevent the wide discussion :

1. The object research is Shariah Bank in Indoneisia with used secondary data and the source from Bank Indonesia.
2. Variable research in this case is factors that influence profitability of shariah bank, namely Musyarakah, Profit Loss Sharing , Third Parties Fund, and Non Performing Financing (NPF)
3. Research data in the period of 2009 - 2014.

### **C. Research Question**

Based on this background, the formulations of problem in this study are :

1. Thus Profit Loss Sharing rate factor influence *musyarakah* financing in Syariah Bank?
2. Thus Non Performing Financing (NPF) factor influence *musyarakah* financing?
3. Thus Third Party Fund factor influence *musyarakah* financing?
4. Are these factors of Profit Loss Sharing, Non Performing Financing (NPF) and Third Party Funds (DPK) simultanly influence *musyarakah* financing?

### **D. Research Objective**

Based on research question, the aim research can be elaborated as follows:

1. To determine the influence of Profit Loss Sharing to *musyarakah* financing in shariah banks.
2. To determine Non Performing Financing (NPF) influence to *musyarakah* financing in shariah banks.
3. To determine Third Party Fund influence to *musyarakah* financing
4. To determine of Profit Loss Sharing, Non Performing Financing (NPF) and Third Party Funds (DPK) simultanly influence to *musyarakah* financing in shariah bank.

## **E. Research Objectives**

The benefit from this research namely:

1. For researcher:

Researcher can improve the analysis skill then they create scientific result and expect that this research useful for people especially for who want make research about the factors that influence musyarakah financing of shariah bank.

2. For banking:

The benefit of research to shariah banking is understanding and solve problem about musyarakah financing. So that found a new strategic Shariah Bank in Indonesia. This research hope became a consideration to make decision.

3. For next researcher:

The result of this research can add insight and knowledge of reader and hope this research can be reference for the further research who want research the factors that influence musyarakah financing the shariah bank.