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Banking: According to Islamic Sharia Concepts and Its Performance in Indonesia

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This study investigates empirically Islamic Sharia Banking concepts and to determine the performance of its based on Bank Indonesia Act No.9/1/PBI/2007 on assesment system for performance level to Commercial Banks based on Islamic Principles which consists of the aspects: capital, assets, management, earning, and likuidity which called CAMEL. The all of aspects use financial ratios as follow CAR, ROA, NPF, OEOI, FDR and Depositor Funds as a comparison as a reflect level of public trust on Islamic banking. Samples were taken from Bank Indonesia as a central bank period of 2007-2009 with 31 sample of Islamic Bank (BUS, UUS, BPRS) which was chosen based on a purposive sampling method. Using descriptive method and multiple regression analysis, the results of this study indicate that the Islamic banking have a good performance reflected CAMEL on Depositor Funds.

Field of Research: Islamic Banking

1. Introduction

Bank according to central bank of Indonesia is a business entity which collects funds from the public in savings and share to the public in loans or other forms in order to improve the standard of living of the majority. In this decade, Indonesian finance launch Islamic financial system in order to accommodate the Indonesian people that majority is *moslem*. Kusuma (2006) and Wijaya (2008) explain that Islamic system in Indonesia has expanded into the capital markets, insurance, mortgage, savings and loan institutions, banks, etc. It enriches the Islamic system over the conventional system was used that interesting to compare the performance and future prospects especially.

Historical progress of Islamic banking in Indonesia according to Rais (2002) and Rohendi (2010) as you can see at Figure 1. Formally began with the Workshop MUI on banking in 1990, which was subsequently followed by the issuance of Banking Act No.7/1992 about banking which accommodate banks activities with profit-sharing principle. However, during the period 1992-1998 Aziz (2009) criticize there was only one Islamic Commercial Bank (BUS) and several Islamic Rural Bank (BPRS) as the perpetrators of Islamic banking industry. This is due during the six years of operation there is practically no other regulator that supports the system of Islamic Banking

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operation. The absence of these legal tools to support of Islamic Banking products to conform such as conventional product, as a result the characteristics of *Sharia* (Islamic law) be disguised like conventional banks. The government made a strategic step development of Islamic banking that is granting permission to the conventional

commercial banks to open branches Islamic Business Unit (UUS) namely a conversion of conventional banks into Islamic banks (Antonio 2001).

This strategy is also a response and initiative from the changes in the Banking Act No.10/1998 as the successor Act No.7/1992, which expressly Islamic Banking Systems positioned as part of the national banking system.

In 2008 the Government issued Islamic Banking Law No.21/2008, that expected to provide a more solid legal basis and greater opportunities in the development of Islamic Banking in Indonesia so that equal and parallel to the conventional banks. The impact of Islamic Banking Act provides a positive thing, the progress of Islamic banking branch until the end of 2009, among others 6 BUS, 25 UUS and 139 BPRS, if compare 2005 BUS grew 100%, UUS grew 86%, and BPRS grew 51% (Agustianto 2010). The institutional side of the spread of Islamic banking branch network also experienced rapid growth. In 2009, adding service outlets have as many as 199 branch become 1,223 branch office and 1,742 office channeling (service Islamic bank in the conventional banks).

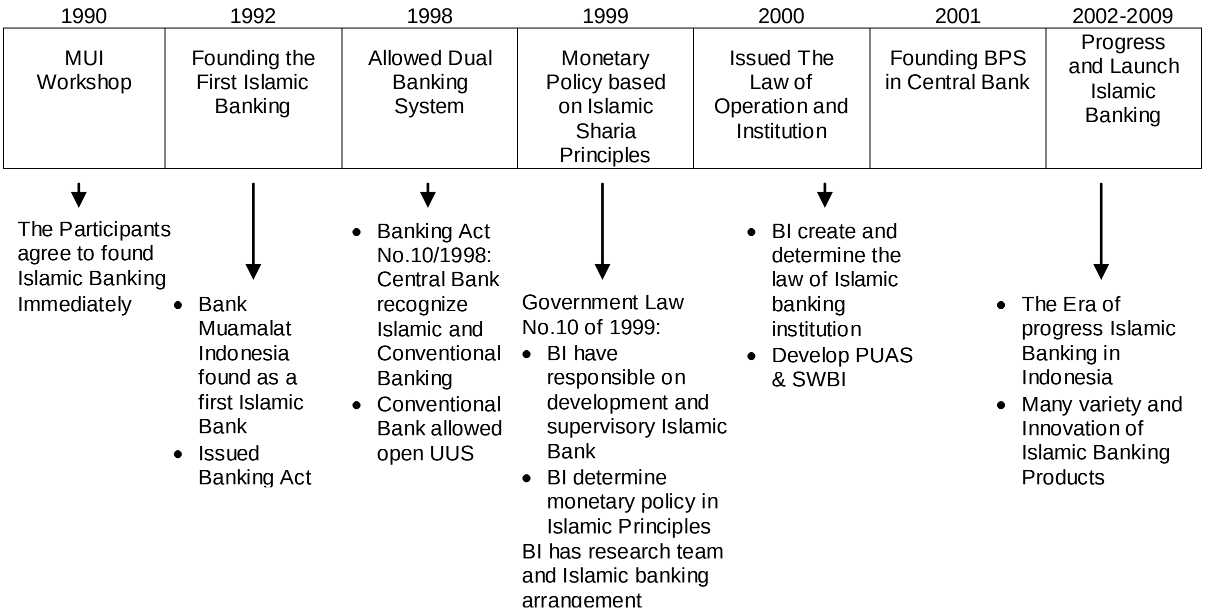


Figure 1. The Historical Progress of Islamic Banking

Central Bank of Indonesia data's describes that the growth of financing Islamic banking in 2009 reach Rp.46.9 trillion, grew 22.8%, Financing to Deposit Ratio (FDR) 89.7%, ROA 1.5%, ROE 26.1%, CAR 10.77% and 4.0% for NPF. Seen the financial statements of Islamic banking in 2009 had good ratios, Financing grow above 20%, FDR below 100%, CAR and NPF above provisions. Setiawan (2006) add that the good performance for Islamic banking because they implement the good corporate governance (GCG), implement the precautionary principle for Islamic banking and implement risk management well. Meanwhile, the growth of depositor funds in 2009 rich 41.7% or Rp.52.3 trillion to last year, this growth was the highest since 2005, that we can be concluded that significant growth is a sign of Islamic banking in Indonesia is on the growth stage, but in total, the depositor funds and market share of Islamic banking only 39% and 6.4%. of the total deposits of the nation (Nurhafita;2010). This indicates according to Agustianto (2010) that the performance of conventional banking is still dominant compared with the performance of Islamic banking.

Becomes important Mubarak (2004), Sari (2007) and Wijaya (2008) that to see the performance Islamic banking through CAMEL can increase public trust who have excess funds an increase in savings and also an increase new customer numbers which influence on increasing depositor funds in Islamic banks. If the performance through financial ratios in CAMEL well, it will have an impact on increasing depositor funds, this means that the market provides a significant response.

2. Literature Review

National Islamic Council (DSN 2003) said that Islam is a *deen* (Way of Life) practically, which teaches all things good and beneficial to mankind, regardless of time, place or stages of its development. Islam is a *fitrah* religion, which according to human nature. Financial and banking activities can be viewed as a place for modern society to bring them to two kinds of *Sharia* of the Al Quran, namely:

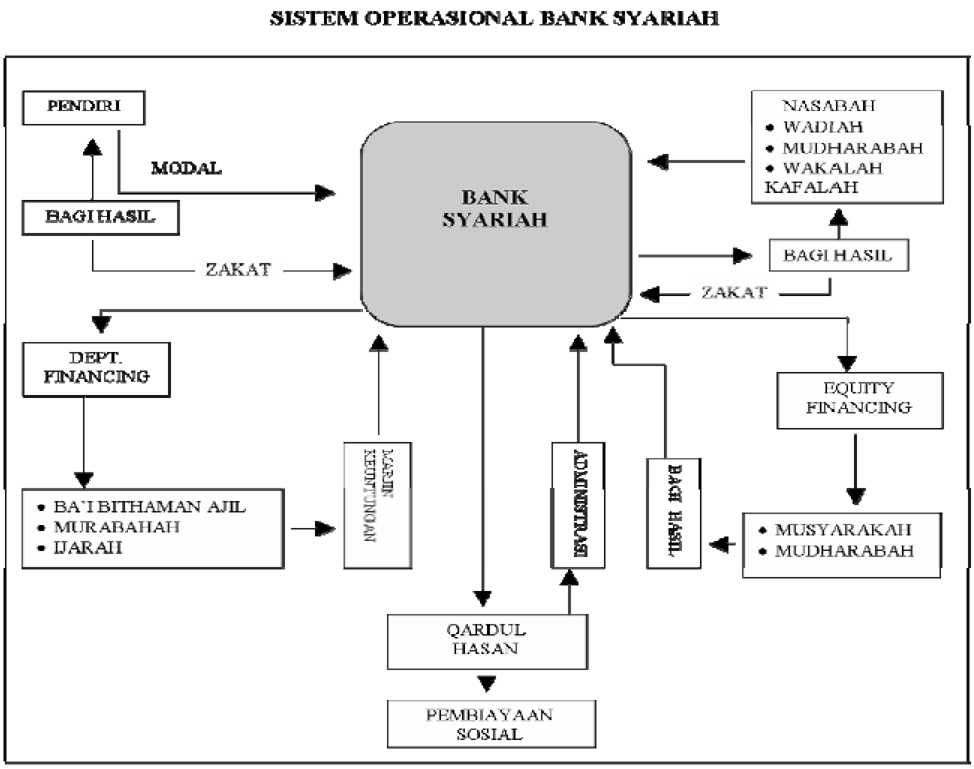
1. Principle of Al Ta'awun, namely mutual assistance and cooperation among members of society for good, as stated in the Al Qur'an: “And please to help each other among of you in doing goodness and piety, and not helping in sin and offense.” (QS 5:2)
2. The principle of avoiding Al Iktinaz, which is holding the money (fund) and let it idle and does not rotate in transactions that the benefit for publics, as stated in the Al Qur'an: *“The peoples who trust to Allah, do not take each other neighbor's property by way of vanity, except by way of commerce that applies that applies with deals among of you”* (QS. An Nisaa:29)

Just like other financial intermediary institutions, Antonio (2001) and (Muhammad;2005) explain the basic mechanism of Islamic bank is to receive funds from customers and channel money to other customers in need. He said that the difference in the provision of benefits received both of customers and banks, which is conducted with appropriate financing schemes in Islamic law that free of *riba*-free. In principle there are five concepts in its operations (Swandani 2010), as follows:

1. Contract *(Akad)*; all transactions must use *wa’ad ala wa’ad* (promise over promise) where there are two clauses promise. The first clause of what promises associated with itself and the second clause dealing with the consequences if the promise is ignored.
2. Profit-Sharing; used the concept of Islamic bank is profit sharing. Customer funds channelled by the bank in financing the scheme. The revenue of the financing will be divided according to contract between customer and bank
3. Financing Targets; bank was restricted of Islamic principles in distribute the funding. Financing should not be distributed on business sectors that opposed or forbidden the Islamic law, such as gambling business, beverages and foods that are forbidden.

4. Customers are Partners; for Islamic banking customers are business partners, not a customer who require funds and who save their funds in the banks, so that business can be run based on mutual need.
5. Profit Oriented and Prosperity; for business continuity, operational Islamic bank needs funds to hire and conduct its business, for that the bank needs funds drawn from the operations revenue. While the rest of the other businesses provided to customers in the form of profit-sharing for their welfare.

The operating system of Islamic bank (Kamal 2008) in Figure 2. illustrates that Islamic bank in operate their business get started with capital from the founders, in addition get funds from a depositor funds, the profit-sharing will be given to the founders and customers over the invested funds to banks, from the profit-sharing of each set aside sharing into *zakat*. Funds are distributed to customers require, bank share their operations in two terms of distribution of these funds (1) the financing in *Ba'i bithaman Ajil, Murabahah,* and *Ijarah* (2) Equity Financing in *Musharakah* and *Mudharabah*. Profit-sharing for debtors and creditors in financing is done by contract containing an agreement margin of gains/losses on the business and equity financing in profit-sharing for each. In addition to distribution of funds by 2 mechanisms above, Islamic banks also have a mechanism for channeling other funds namely *Al Qard al Hasan* was the provision of funds in order to realize a social responsibility to debtors who deserve it, the Islamic debtor is obliged to repay only the loan principal only.



Sumber : Muhammad, Sistem & Prosedural Operasional Bank Syariah, 2005; 4

Figure 2. Islamic Banking Operational System

According to National Islamic Council (DSN 2003), Islamic *Sharia* Management concepts in Al Qur'an and Al Hadith as following:

A. Planning:

1. *"The peoples who trust and piety to Allah, please plan your future, truly Allah is knowing of what you do"* (QS. 59:18)
2. "*Improve within looking for sustenance*, *by taking the lawful and leave the forbidden"* (Al-Albani:6)

B. Actuating:

1. *"Whoever cautious to Allah, Allah will provide for him/his a way out. And give him/her sustenance from the direction of the never suspected previously. And whoever trust to Allah, Allah will supply its needs."* (Ath-Thalaq:2-3)
2. The principles of Akad should follow the law that has been laid down by Allah SWT in the Al Qur'an: *"The peoples who trust to Allah, do not take each other neighbor's property by way of vanity, except by way of commerce that applies that applies with deals among of you"* (QS. An Nisaa:29).
3. Allah SWT ordered the peoples to fulfill their Akad was called in the Al Qur'an: *"The peoples who trust to Allah, fulfill that transaction agreements."* (Al-Maidah:1)
4. Amar Ma'ruf Nahi Munkar's Principle*: "Let be there among of you who call mankind to virtue, had to do that ma'ruf and prevent doing wrong."* (QS. 3:104)

C. Organizing:

1. *"Allah made the syariat (sharia law) from the deen, that is what we legacy to Nuh, Muhammad, Ibrahim, Musa and Isa that you should uphold of deen and do not separate him apart. It's hard for the people who not believe to Allah when you take him/her to the goodness way. Allah chooses anyone that he wants and give guidance to anyone who wants to return to the way of Allah."* (QS. 42:13).
2. The Obligations to uphold of Truth; Truth *(haq)* according to the size and the norms of Islam, among others implied Allah says*: "Please tell Muhammad, the truth has come and falsehood has finished. Truly a vanity that will disappear".* (Al-Isra:81)
3. The Obligations to uphold of Justice; Islamic law requires us to uphold justice, anytime and anywhere. Allah says: *"If you punish among of you all, should you punish (judge) fairly."* (An-Nisa:58)
4. The Obligations of Mandated; Allah and Rasul commanded every Moslem to fulfill the mandate. Otherwise to fulfill the obligations mandated by Allah says*: "Surely Allah commands you to deliver an mandate to deserve."* (An-Nisa:59)
5. Regarding the mandate of fulfilling obligations in the field of *muamalah*, Allah says*: "Then let the peoples who believed, to pay its debts to the beneficiary".* (Al-Baqarah:283)

D. Controlling:

1. Over all activities of research, observation and measurement of the operation based on a predetermined plan, interpretation and comparison of results achieved with the required standards, perform corrective actions deviations, and comparisons between the results (output) reached with the input that used.
2. The principles, every thing in Muamalat is permissible as long as not contrary to the sharia (Islamic law), follow the rules of fiqih which is held by

Hambali and fuqaha, namely: *"The basic principle in the transaction and the terms relating to her/him is to be held, as long as not prohibited by the Islamic law or contrary with Islamic nash."* (Al Fiqh al Islamy wa Adillatuh, Juz IV:199).

3. Sharia can accept all things that business does not conflict with Islamic law. Az Wahbah Zuhaily said: "*And every requirement which does not conflicts with the Islamic principles and can be equated to its rules (qiyas) with the legal requirements."* (Al Fiqh al Islamy Wa Adillatuh:200).

Aziz (2009) says, it is clear that the rights and obligations of a person in management expressly provided in Islamic law. Rohendi (2010) add the arrangements such as contained in the Islamic law, chapter *Al Buyu,* the law of agreement, or chapter *Imarah* and *Khilafah* which is indicated by *dalil* and *nash* in the Al Qur'an and Al-Hadith. All laws must be implemented and obeyed like other laws. Similarly, the principles of management contained in the Al Qur'an and Al Hadith, natural and fairly that are applied in our life. Islam gives flexibility to *ijtihad*, with *dalil nash* Al Qur'an and Al Hadith capabilities supported by modern science, a manager will be able to *ijtihad* to get the satisfactory results *(natijah).*

To avoid the prohibited acts in Al-Qur`an and al-Hadith, the Islamic banks that adhere to Islamic principles apply the principle of profit-sharing in accordance with sharia, Kamal (2008) said that is the distinguishes by conventional banks such as in Table 1.

Table 1. The Differences Conventional and Islamic Banking

Conventional Banks	Islamic Banks
1. The functions and operating modes of conventional banks are based on fully man made principles.	1. The functions and operating modes of Islamic banks are based on the principles of Islamic *Shariah*.
2. The investor is assured of a predetermined rate of interest.	2. In contrast, it promotes risk sharing between provider of capital (investor) and the user of funds (entrepreneur).
3. It aims at maximizing profit without any restriction.	3. It also aims at maximizing profit but subject to *Shariah* restrictions.
4. It does not deal with *Zakat*.	4. In the modern Islamic banking system, it has become one of the service-oriented functions of the Islamic banks to be a *Zakat* Collection Centre and they also pay out their *Zakat*.
5. Lending money and getting it back with compounding interest is the fundamental function of the conventional banks.	5. Participation in partnership business is the fundamental function of the Islamic banks. So we have to understand our customer's business very well.
6. It can charge additional money (penalty and compounded interest) in case of defaulters.	6. The Islamic banks have no provision to charge any extra money from the defaulters. Only small amount of compensation and these proceeds is given to charity. Rebates are give for early settlement at the Bank's discretion.
7. Very often it results in the bank's own interest becoming prominent. It makes no effort to ensure growth with equity.	7. It gives due importance to the public interest. Its ultimate aim is to ensure growth with equity.
8. For interest-based commercial banks, borrowing from the money market is relatively easier.	8. For the Islamic banks, it must be based on a Shariah approved underlying transaction.
9. Since income from the advances is fixed, it gives little importance to developing expertise in project appraisal and evaluations.	9. Since it shares profit and loss, the Islamic banks pay greater attention to developing project appraisal and evaluations.
10. The conventional banks give greater emphasis on credit-worthiness of the clients.	10. The Islamic banks, on the other hand, give greater emphasis on the viability of the projects.
11. The status of a conventional bank, in relation to its clients, is that of creditor and debtors.	11. The status of Islamic bank in relation to its clients is that of partners, investors and trader, buyer and seller.
12. A conventional bank has to guarantee all its deposits.	12. Islamic bank can only guarantee deposits for deposit account, which is based on the principle of *al-wadiah,* thus the depositors are guaranteed repayment of their funds, however if the account is based on the mudarabah concept, client have to share in a loss position.

Source: Kamal 2008

Previous studies concerning the financial performance of Islamic Banking trough CAMEL ratio that using Performance Banking Level Ratio that created of Central Bank as a benchmark on CAR, ROA, NPF, OEOI, FDR in CAMEL Sudayana (2003), Mubarak (2004) Sumarti (2007), Sari (2007) and Merkusiwati (2007) the conclusion that the ratio CAR, NPF and OEOI in good performance categories, however ROA and FDR in attention category. Others research about Islamic Banking performance that evaluate, challenge, trend and its prospective Agustiano (2010) Wijaya (2010) Swandani (2010) Rohendi (2010) Kamal (2008) Setiawan (2006) Muhammad (2005) and Rais (2002) expressing that Islamic banking have a most potential and business and market in the future. With using Profit and Value Added to assess Islamic Banking performance Nurhafita (2010) Agustiano (2010) and Wahyudi (2005) also gives the conclusion that profit will increase with better financial performance in the bank. The last Islamic Banking efficiency analysis by Suswadi (2007) where the management of Islamic banking is still inefficient, maybe the Islamic banking still needs promotion, employee training, expanding office, etc that need more expenditure.

3. The Methodology and Model

This research approach to determining the performance of Islamic Banking based on Bank Indonesia Act No.9/1/PBI/2007 which using CAMEL method with five financial ratios as a tools, namely CAR, ROA, NPF, OEOI, FDR. The ratios would compared with Depositor Funds as a reflect level of public trust for Islamic banking industry (Sari 2007). If the ratios indicate a good performance, it sign that the bank can manage all of the aspect well and supposed to increase depositor funds in Islamic bank. The model calculates ratio CAR, ROA, NPF, OEOI, FDR from Islamic banking that registered in Bank Indonesia, which eventually became a multiple regression model. Using descriptive method to describe Islamic banking data, where the description and explanation of these data as a reference to see the characteristics that ended with a draw conclusions (Cooper 2009) and determine that the good performance of Islamic banks which will increase the depositor funds. Inputs to the model are:

- Balance Sheet and Income Statement, both of them are financial statements used in this study, and not use other financial reporting
- Using monthly data over the 3 financial periods of 2007 to 2009
- The type of Islamic banking which this subject of this research are Islamic Commercial Bank (BUS) Islamic Business Unit (UUS)
- There are 31 Islamic banking which is used as a sample, which consists of 6 Islamic commercial banks and 25 Islamic business unit.

The output of the models are the value of CAR, ROA, NPF, OEOI, FDR and Depositor Funds to be used as financial models to predict the future of Islamic banking business and with the results of the ratios calculation the expected level of public trust to Islamic banks has increased and eventually they entrust their money to be saved in Islamic banks as well if they need funds for business needs, consumption and others (Nurhafita 2010). The output is determined as:

$$CAR = \frac{Equity}{ATMR} \qquad (1)$$

Equation (1) is Capital Adequacy Ratio (CAR), the ability of banks offset a decline in assets due to losses on bank assets using its own capital. The greater this ratio, it means the better bank's capital adequacy ratio.

$$ROA = \frac{Net\ Income}{Total\ Asset} \qquad (2)$$

Equation (2) is Return on Assets (ROA), which measures the effectiveness of the company in utilizing all resources in order to measure the ability to generate profits. The higher this ratio, it means the more effective use of assets to obtain income and the better performance of the bank.

$$NPF = \frac{Total\ NPL}{Total\ Financing} \qquad (3)$$

Equation (3) is Non-Performing Financing (NPF), which measures the level of bad debt that had to be reserved. The smaller this ratio, it means that the better performance of the bank.

$$OEOI = \frac{Operating\ Expense}{Operating\ Income} \qquad (4)$$

Equation (4) is Operating Expense to Operating Income (OEOI), which measures the level of efficiency and distribution of the bank in conducting its operations. The smaller this ratio, it means that the better performance of the bank

$$FDR = \frac{Total\ Financing}{Total\ Deposits} \qquad (5)$$

Equation (5) is Financing to Deposit Ratio (FDR), ability to repay the bank withdrawals by customers with relying on loans as a source of liquidity

The results of these equations will show a financial model to reflex the performance of wellness Islamic banking industry in Indonesia as follows:

$$Y_{Sharia} = \alpha + \beta_1 CAR_1 + \beta_2 ROA_2 + \beta_3 NPF_3 + \beta_4 OEOI_4 + \beta_5 FDR_5 + e_6$$

Where:

Y	:	Depositor Funds
α	:	Constant
β_1.,.β_5	:	Coefficient regression
X1	:	CAR
X2	:	ROA
X3	:	NPF
X4	:	OEOI
X5	:	FDR

Then, to find out whether the good performance of Islamic banking using the CAMEL method with CAR, ROA, NPF, OEOI, FDR ratios will actually increase the depositor Funds. This study will test the hypotheses with the Student-test (partial) and Fisher-test (simultaneous) assisted program SPSS 13.0 for Windows.

4. The Findings/Discussion

4.1 Research Finding

As a condition of use of regression analysis, hence beforehand is done classic assumption test, what covers normality test, linearity, multicollinearity, auto correlation and heteroscedasticity. Following is presented classic assumption test result in Table 2.

Table 2. Classical assumption test

Test	***Regression Model***
Normality	✓
Linearity	✓
Multicolinierity	✓
Auto correlation	✓
Heteroscedasticity	✓

Out of the regression model, all the datas are free from the problem of normality, linearity, multicollinearity, autocorrelation and heteroscedasticity. It means the testing of regression model can be done.

The performance of the Islamic Bank using the CAMEL method which consists of 5 financial ratios and a ratio comparator (Depositor Funds) shows in Table 3. which data is analyzed as much as 36 months of January 2007 to December 2009, where the lowest Islamic Bank CAR of 10.4% and the highest of 13.9% with an average Islamic Bank CAR of 11.5%, this means that Islamic banks generally follow the regulations of Bank Indonesia in the amount of 8% and courageous invest its idle funds more, even though they have the opportunity to take revenue minimum of 2% (CAR 10%-8%) of existing equity to invest more revenue for example the financing to the public or customer. The banking should be maintain and improve paid-up equity, retained earning, and others.

The bank's ability to optimize assets in a business of taking risks to earn profits called ROA had minimum of 1.4% and maximum of 2.6%, in average of 1.9%, this means that Islamic banks in Indonesia dare to expand and optimize the use of its assets in contributing to the profits earned, such as efficient use of the building, lease space buildings, construction of rental buildings or branches of Islamic banks are right on target on earnings operational, and apart from the compliance requirements of Bank Indonesia with an average ROA of 1%. That should be done by the Islamic banking is focused on improving earnings each period and utilization of all existing assets more effectively.

The level of bad debts on Islamic banking in Indonesia (NPF), the lowest of 4% and still exists That exceeds the requirements of the BI maximum of 5%, the highest NPF nowhere Islamic banking of 5.7%. With NPF are still being around the rules of Bank Indonesia which is 5%, expected credit analysts, branch manager, financing teams have to work harder and more strict in judging and eligibility before providing financing to its customers given the potential NPF could be increased due to Indonesia's macro economy is still unstable and needs to be monitored continuously in an effort to reduce the NPF is still higher than the regulation of Bank Indonesia as the central bank. The management of Islamic banks should do in order to reduce bad debt is to manage credit collectibility from the level of special mention, substandard, doubtful and mainly carried out special treatment for the financing that has been stalled. Each level of the collectibility of these should always be monitored and evaluated at any time, if it is managed well NPF Islamic banking is expected to decrease to be better and healthier.

The level of efficiency and distribution of the bank in conducting its operations called OEOI is considered to be quite efficient, visible from OEOI Islamic banking during the observation the lowest of 67.6% and the highest of 84.4%, with average 76.3%. Conditions like these the management of Islamic banking must maintain and strive to be more efficient, untill the condition of Islamic banking operations could be better and healthier because of Bank Indonesia requires that the ratio OEOI for Islamic banking is maximum of 80%, whether by making efficiency in the items certain operating costs and/or work with focus on adding significant operational income.

The ability to repay the bank withdrawals by customers with relying on loans as a source of lowest liquidity (FDR) of 89.7% and the most worrying for any Islamic banks that use all depositor funds added using internal equity to take profit-sharing or wide spread margin, seen that some Islamic banks has a maximum FDR of 112.2% from the depositor funds. This is expected since the management of Islamic banking has a high optimism and beliefs without prejudice to the precautionary principle in assessing the feasibility of customers who require financing, also estimated in order looking for high income and confident in the ability of their own equity to cover bank deposit withdrawals by customers, although Bank Indonesia advised FDR ratio is below 80%. That should be done by the manager of Islamic banking is to improve the performance of fund manager to further improve bank deposits and expect decreasing FDR or tighten financing provision of Islamic banking in order to NPF down.

Table 3. Discriptives of CAMEL for Islamic Banking

CAMEL	N	Min.	Max.	Mean	Std. Dev
CAR	36	0,104	0,139	0,115	0,010
ROA	36	0,014	0,026	0,019	0,003
NPF	36	0,040	0,572	0,045	0,005
OEOI	36	0,676	0,844	0,763	0,039
FDR	36	0,897	1,122	1,011	0,400
Depositor Funds	36	21176	52271	33173	8581,1

It is expected to see an overview of the condition of Islamic banking in Indonesia in the period of January 2007 to December 2009, the management of Islamic banking have to work hard to maintain their capital adequacy ratios (CAR), optimizing sources of existing assets to increase revenue, its efficiency in line with the vulnerability of macroeconomic influences both of domestic and indirect influence from abroad as well as maintain the ability to pay customer withdrawals in the form of savings, deposits, and demand deposit or other form of deposits, also still remain prudent principles in providing financing to public that should be able to manage in a good risk management. If this is done properly by following the Islamic rules and in accordance with what has been stipulated in the regulation of Islamic banks and Bank Indonesia, we hope Islamic banking in Indonesia will grow rapidly, due to customers will be more trusting of Islamic sharia system was compared with conventional banking both in terms of security and trust of Islamic rules.

Table 4. Multiple Regression Result

Variables	Koef Regression	t-count	Sig.
CAR	0,366	1,866	0,025*
ROA	0,502	1,512	0,072 **
NPF	0,456	1,385	0,080 **
OEOI	0,701	2,317	0,024*
FDR	0,143	0,837	0,409

* significant at α = 5%
** significant at α = 10%

Constant	:	-211261
R	:	0,632
Adjusted R^2	:	0,299
F Count	:	3,981
F Sig.	:	0,007

From the description data above, the empirical calculation where the test results of multiple regression as shown in Table 4. written in a financial model as follows:

$$\mathbf{Y_{Sharia} = -211261 + 0{,}366\ CAR_1 + 0{,}502\ ROA_2 + 0{,}456\ NPF_3 + 0{,}701\ OEOI_4 + 0{,}143\ FDR_5 + e_6}$$

In the regression equation above, constant Depositor Funds amount of -211,261. it means if independent variables such as CAR, ROA, NPF, OEOI and FDR assumed to be constant (fixed or considered 1) the Islamic banking Depositor Funds will decrease by Rp. 211.261 billion per year.

Also in Table 4. shows the coefficient of determination (Adjusted R^2) of 0.299 which shows the independent variables simultaneously influence of the dependent variable of 29.9% and for the remaining 70.1% influenced by other variables not included in the research model. It means that independent variables such as CAR, ROA, NPF, and FDR OEOI simultaneously affect the Islamic banking depositor funds amounted to 29.9% and the remaining 70.1% who are not influenced by other variables included in the regression equation model above.

F test results obtained F count of 3.98 greater than F table of 2.69 it can be concluded that the hypothesis H0 rejected and H1 accepted,it means that the independent variables simultaneously, such as CAR, ROA, NPF, OEOI and FDR significant effect on increase of depositor funds at Islamic Banking, It was also confirmed by an F probability (F sig.) amounted to 0.007 which is smaller than the significance level (α) of 5%.

Individually CAR and OEOI Islamic banking significant effect to increase depositor funds with probability value (Sig. column) is smaller than 5% as alpha, it also evidenced by the higher t count of the two independent variables above, which are 1.866 and 2.317 to t table of 1.697, but instead of variables ROA, NPF and FDR are insignificant, where the value t count each for 1.512, 1.385, and 0.837 are smaller than t table, it is also evident that the significant level of three independent variables which is greater than the significance level of 5% as alpha (ROA sig .= 7.2%, NPF sig .= 8%, and FDR sig .= 40%).

It can be explained by the individual, that:

1. We can see that t count of Islamic banking capital adequacy ratio (CAR) is bigger than t table (1.866 > 1.697) it concluded that the capital adequacy ratio was statistically significant impact on Islamic banking depositor funds with an alpha of 5%. This variable has positive influence on depositor funds for 0.366 means that if the depositor funds increased 1%, the ratio of capital adequacy of Islamic banking will also be increased by 0.366% and otherwise when depositor funds decrease of 1% the CAR of Islamic banking will also be decreased by 0.366%. The cause of the significant impact of Islamic banking depositor funds in Indonesia always maintain financial liquidity, apart from Bank Indonesia to follow the reference to the amount of the provisions of CAR, as well as an increase in public confidence in the Islamic banking to increased capital of the company and followed the principles of good risk management
2. Ratio optimization of assets in income contributed to the company (ROA) statistically concluded that this ratio has no significant effect on depositor fund with an alpha of 5% (but significant at 10% significance level). This is evidenced by a smaller tcount of ttable (1.512 < 1.697), but this variable has positive influence on depositor funds that is equal to 0.502, it means that if the depositor funds increased 1%, the ratio of optimization of assets in income contributed to the Islamic banking company also will increase by 0.502% and otherwise when deposits fell by 1%, the return on assets (ROA) of Islamic banking will also be decreased by 0.502%. The cause of the lack of significant effect at ROA of Islamic banking om depositor funs may be due to income earned is not optimal because Islamic banking is still in the stage of expansion and expanding office network, the affect the profits that are used to reproduce a form of property assets, information systems, HR training etc.
3. The ratio of nonperforming financing (NPF) on depositor funds, statistically shown that there is not significant effect with α of 5% (but significant at alpha 10%), this is evidenced by a smaller tcount of ttable (1.385 < 1.697), but this variable positive effect on depositor funds is equal to 0.456 means that if the depositor funds increased 1%, the ratio of nonperforming financing of Islamic banking will also be increased by 0.456% and otherwise when depositor funds fell by 1% the ratio of nonperforming financing of Islamic banking will also be decreased by 0.456%. The cause of the absence of significant non-performing financing to deposior fundts ratio of Islamic banking may be the reason that all procedures and regulations in the management of credit already doing well and the funds provided to the customer actually selected with strict quality.
4. Islamic banking operations efficiency ratio (OEOI) on depositor funds seen statistically that the t count greater than ttable (2.317 > 1.697) this means that the ratio of the operational efficiency of Islamic banks have a significant effect on the Islamic banking depositor funds. This variable has positive influence on depositor funds for 0.701, it means that if the depositor funds increased 1%, the efficiency ratio will also be increased by 0.701% and otherwise when deposits fell by 1% then OEOI Islamic banking will also be decreased by 0.701%. This could be because the high motivation management and stakeholder to manage its operations efficiently, this can be done because the size of Islamic banking company that is still relatively small so that all operational activities of banking

can be monitored well and they can identify potential inefficiencies quickly and directly carried out repairs.

5. Seen from the use of funds for financing ratio (FDR) on the depositor funds where the t count value is smaller than ttable (0.837 < 1.697) can conclude that the variable use of funds for capital financing statistically is not significant effect on Islamic banking depositor funds. but this variable has positive influence on depositor funds that is equal to 0.143 it means if the deposits increased 1%, the ratio of financing to customers will also be increased by 0.143% and otherwise when depositor funds decrease 1% the FDR of Islamic banking will also be decreased by 0.143%. Cause of no significant effect on these depositor funds maybe due to the bank tries to maintain liquidity and stability of the banking healthness from the effect of external factors that potentially interfere to Islamic banking operations.

4.2 Research Discussion

Islamic banking capital adequacy ratio is still the main measurement of customers and investors to place their funds in Islamic banks, because of new Islamic banking grows in Indonesia as compared with conventional banking. they are still looking at whether Islamic banks can manage their savings well, and see the bank ability to repay immediately if one day the funds are withdrawn (Budihartho, Triyuwono & Susanto 2001). Similarly with the ratio of the efficiency of Islamic banking operations, possibly because the small size of the company so that things can be monitored well and quickly could be improved and this is done and monitored continually to make Islamic banking operations in terms of increased efficiency, but not necessarily on the other side ignored, remained with the portion, regulations, rules that already exist both from internal bank itself and from Bank Indonesia as the authority and also National Islamic Council as well as Islamic banking supervisors. The need for optimization of company assets which is to contribute revenue to the company, the selection and proper use of assets will make the ROA to be optimal in order to win confidence in curtomer's hearts. Merkusiwati (2007) add the need to maintain the level of profitability of Islamic banking due to the increasing provision of financing to customers with tighten the eligibility assessment conducted is based on prospective debitor with credit management and risk management which has already been set by Bank Indonesia and the management of Islamic bank as well as to maintain the liquidity of customer withdrawals at any time.

Based on Table 5. is known that the CAMEL method, in general Islamic Banking during January 2007 to December 2009 have an average CAR of 11.42%, ROA at 1.66%, NPF at 4.16%, OEOI of 80.89% and FDR of 97.70% and the increase in depositor funds each year, the results of this research is supported by research from Nurhafita and Swandani (2010) which gave similar results, other researchers Merkusiwati, Sari and Sumarti (2007) who conducted research for the period 2004 to 2006, where CAR, ROA, NPF, OEOI and FDR, and deposits are generally increase in percentage, which was previously done by Mubarak (2004) for the period 2000-2003 with almost the same end result.

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Table 5. The Development of CAMEL National Islamic Banking Period 2007-2009

PERIOD	CAR	ROA	NPF	OEOI	FDR
2007	10,67%	2,07%	4,05%	76,54%	99,76%
2008	12,81%	1,42%	4,42%	81,75%	103,65%
2009	10,77%	1,48%	4,01%	84,39%	89,70%
Average	**11,42%**	**1,66%**	**4,16%**	**80,89%**	**97,70%**

In Table 6. CAMEL growth in 2008, represented by the CAR have increased that make Islamic banking better, but ROA Islamic banking experience slowdown growth, increasing NPF as well as a disturbing of Islamic banking healthness, although the level of efficiency (OEOI) Islamic banking better and FDR can still be controlled, it can be said in general that Islamic banking in 2008 still have to work hard in managing credit management and risk management as a new banking system in Indonesia, this could equate even surpass conventional systems, although the operational aspect, and capital adequacy level of liquidity is good. Islamic banking should not be too focused excessively in order to pursue high profit-sharing because the number of debitor who switch from conventional banks are more stringent in lending (giving financing) is also more concentrated in providing a larger financing, such as lending to big companies, but must careful and prudent principled.

Table 6. The Growth of CAMEL National Islamic Banking Period 2007-2009

PERIOD	CAR	ROA	NPF	OEOI	FDR
2008	20,06%	-31,40%	9,14%	6,81%	3,90%
2009	-15,93%	4,23%	-9,28%	3,23%	-13,46%
Average	2,07%	-13,59%	-0,07%	5,02%	-4,78%

In 2009, generally Islamic banking slowly taking shape from the side of its risk and credit management but still oriented towards the optimization of profit-sharing, seen with a reduction in CAR that is idle to be used to get profit-sharing by investing and providing appropriate financing, which led to increased optimization existing assets (ROA), Suswadi (2007) add that due to the improvement of the credit system visible results with the decline in NPF, the more efficient operation and reduced excessive credit rating but do it well, in 2009 it became the point of the rise of Islamic banking to follow the Bank Indonesia regulations and well syaria rules, it can see the increasing confidence of customers, investors, potential clients and society with the increase in depositor funds of more than 150%.

5. Conclusions

Based on the data and the review in this study can be summarized as follows:

1. Islamic Sharia had concept by Al Qur'an and Al Hadits.
2. In general, Islamic Banking during 2007-2009 have an average CAR of 11.42%, ROA at 1.66%, NPF at 4.16%, OEOI of 80.89% and FDR of 97.70% and 38.657 billion Depositor funds.
3. Simultaneous hypothesis states that all independent variables are represented by the CAR, ROA, NPF, OEOI and FDR significantly influence Depositor Funds, this means that the variables used in this study affect the depositor funds in

Islamic banking in Indonesia, where the influence of the variable CAR, ROA, NPF, OEOI and FDR used on the Islamic banking depositor funds amounted to 29.9%.

4. Based on the partial test results can be seen that the variables that are used, there is no significant effect on the Islamic banking depositor funds, these variables include ROA, NPF and FDR, while the variables that significant influence on the depositor funds are CAR and OEOI.
5. Although ratios ROA, NPF and FDR had no significant effect on depositor funds, but all variables including CAR and OEOI provide a positive influence on the depositor funds in Islamic banking in Indonesia.
6. In general, the efficiency of Islamic banking in Indonesia began to revive and orderly return from 2009 to reflect on the experience in 2008 mainly on the aspects of credit management and risk management of Islamic banking.

Research Limitations

For Researcher what wish to study furthermore this research, suggested to be able to do continuation research, because this research supports good limitations at variables of research, observation unit, and also instruments of research, at research of continuation can extend by adding things following: (a) Company that is accurate not only limited to Islamic Commercial Bank (BUS) Islamic Business Unit (UUS) only, but it cover all islamic banking including Islamic Rural Bank (BPRS), and use the others performance measurement method to Islamic banking, other than that represented by the ratio CAMEL are CAR, ROA, NPF, OEOI and FDR.

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