Effect Of Interest Rate, Inflation, Profit-Sharing, And Branch Network On *Mudharabah* Deposits Of Islamic Commercial Banks In Indonesia

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Info Articles	Abstract
	The study aimed to analyze and find out the effect of variables of interest rate, inflation, profit-sharing and branch network on mudharabah deposit of Islamic Commercial Banks in Indonesia, both simultaneously and partially. Population in this study was Islamic Commercial Bank registered with the Financial Services Authority with a research period of 2014-2018. The data analysis method used was panel data regression analysis using Eviews data processing applications. Testing was conducted using the level of sig. $\alpha = 0.05$. The results of this study indicated that the simultaneous variable interest rates, inflation, profit-sharing, and branch networks significantly influenced mudharabah deposits. This was indicated by the significance value obtained at 0.0000. Partially only profit-sharing and branch network variables affected mudharabah deposits with significance values obtained 0.0087 and 0.0000. While the variable interest rates and inflation had no effect toward mudharabah deposits, this was indicated by the significance value of 0.5011 and 0.2061. The conclusion of this study is that in a good economic condition, the general public in investing mudharabah deposits would look more at the internal factors of Islamic banking. Therefore, supervision, strengthening and improving services are very important to make Islamic banks can raise more public funds.

INTRODUCTION

Historically, Islamic banking in Indonesia was emerged from the work of the MUI Banking Team, which was formally marked by the establishment of Bank Muamalat Indonesia (BMI) in 1992. At the beginning of their operation, the existence of Islamic banks had not received optimal attention in the national banking sector because there was no formal regulation that specifically regulates Islamic banks. Along with the time, in 2008 it was enacted the Act no. 21 of 2008 concerning Islamic Banking. With the issuance of the Act, it has provided the formal legality of Islamic banks to carry out their operations and is expected to be able to encourage the development of Islamic banks.

For Muslims, the existence of Islamic banks can be said to be a requirement and demand for sharia in financial management, but for others, Islamic banks are an alternative to financial service institutions, in addition to existing conventional banking. Along with the growth of Islamic banking in Indonesia, it will further increase the competitiveness between banks, both in conventional and Islamic banks. In other words, people have many choices to determine where they should save and invest their money. Then, the growing Muslim population in Indonesia should be a big market for Islamic banks to raise funds from the public. This opportunity was strengthened by the issuance of the Indonesian Ulema Council Fatwa No. 1 of 2004 which forbids interest.

The working mechanism of Islamic banks is different from conventional banks. The difference lies in the prohibition of interest in Islamic banks. Hence, the income/profit of customers who invest their money in Islamic banks is not based on the percentage (%) of interest, but the profit to be obtained is determined in the form of a profit-sharing ratio to the income earned. Thus, the consequence of this system is that the money earned from fund management fluctuates depending on the income received.

The growth of each bank is strongly influenced by its ability to collect public funds, both small and large scale. Funds are the most prominent and important problem for banks because Islamic banks require sufficient funds in carrying out their financial business, without sufficient funds the bank cannot do anything or, in other words, the bank will not function at all. One of the sources of funds owned by Islamic banks is funds coming from the public or commonly referred to as Third Party Funds (TPF). Most of the operational activities of Islamic banks, especially in channeling financing, depend on the amount of TPF that can be collected by Islamic banks. If the third party funds collected by Islamic banks are increasing, then Islamic banks have a great opportunity to increase the amount of financing to the public.

One of the means for collecting TPF from Islamic banks is *mudharabah* deposits. *Mudharabah* deposits are investment funds based on *mudharabah* contracts whose withdrawals can only be made according to certain terms and conditions based on contracts between customers (*shahibul mal*) and Islamic banks (*mudharib*).

The following is data on the development of *mudharabah* deposits that can be collected by Islamic commercial banks in Indonesia from 2014-2018.

Table 1. The Data of *Mudharabah* Deposit Development 2014-2018

No	Islamic Commercial Banks	Total Deposit (in Million Rupiah)				
		2014	2015	2016	2017	2018
1.	Bank Aceh Syariah	0	0	4.879.278	6.454.717	5.275.550
2.	Muamalat	32.862.009	30.949.928	30.061.182	31.781.207	28.872.543
3.	Victoria	1.100.705	1.046.978	1.158.523	1.451.521	1.498.787
4.	BRI Syariah	12.653.000	14.772.700	15.729.625	18.430.069	19.041.155
5.	Bank Jabar Banten	4.338.007	4.160.203	4.623.763	4.970.716	3.723.122
6.	BNI Syariah	9.580.494	10.703.780	12.977.554	14.549.199	15.906.490
7.	Bank Syariah Mandiri	32.014.666	31.361.085	35.346.448	37.676.504	43.171.715
8.	Bank Mega Syariah	4.663.182	3.517.149	4.046.407	4.029.937	4.468.335
9.	Bank Panin Syariah	4.176.952	5.086.655	5.903.088	7.288.850	5.977.898
10.	Bank Bukopin Syariah	3.559.786	4.036.403	4.517.564	4.399.899	3.936.572
11.	Bank BCA Syariah	2.012.443	2.858.733	3.365.265	3.913.941	4.531.475
12.	Maybank Syariah	858.516	674.868	379.565	260.636	0
13.	BTPN Syariah	2.176.824	3.024.456	4.330.712	5.154.360	2.878.478
14.	Bank NTB Syariah	52.866	77.100	127.542	152.766	2.148.001

Source: Islamic Commercial Bank Annual Report, data processed in 2020

Nila Juniarty, et al. in their study suggests that profit-sharing, promotion costs, and number of offices show significant results and have a positive effect on the amount of *mudharabah* deposits, while the interest rate, inflation and FDR factors show no effect on the amount of *mudharabah* deposits.

In line with a study conducted by Dita Meyliana and Ade Sofyan Mulazid, it shows that GDP, the amount of profit-sharing, and the number of offices have a significant influence on the amount of *mudharabah* deposits.

Based on the above background, the researcher in this study discussed on interest rates, inflation, profit-sharing, and branch networks and their effects on *mudharabah* deposits of Islamic banks in Indonesia.

LITERATUR REVIEW
Islamic Commercial Bank

Islamic Commercial Banks are banks that carry out business activities based on sharia principles which in their activities provide services in payment traffic. The nature of the services provided is general, in the sense that it can provide all existing banking services, as well as the operational areas that can be carried out throughout the region.

Mudharabah Deposit

Mudharabah deposit is a deposit contract carried out based on the *mudharabah* principles. The Islamic bank acts as a *mudharib* (fund manager) while the customer acts as a *shahibul mal* (fund owner). In its capacity as *mudharib*, Islamic banks can carry out various kinds of business that do not conflict with sharia principles and develop them, including making *mudharabah* contracts with third parties.

Based on the authority given by *Shahibul mal*, there are 2 forms of *mudharbah,* namely *Mudharabah Mutlaqah* and *Mudharabah Muqayyadah*.

In terms of *Mudharabah Mutlaqah (Unrestricted Inverstmen Account,* URIA) in *Mudharabah Mutlaqah* (URIA) deposits, the owner of the funds does not provide certain restrictions or requirements for Islamic banks in managing their investments, whether related to the place, method or object of the investment. In other words, Islamic banks have full rights and freedom in investing URIA funds into various business sectors that are expected to benefit.

Mudharabah Muqayyadah (Restricted Investment Account, RIA) differs from *Mudharabah Mutlaqah* deposits. In terms of *Mudharabah Muqayyadah* (RIA) deposits, the owner of the funds imposes certain limits or requirements on Islamic banks in managing their investments, both related to the place, method and object of investment. In other words, Islamic banks do not have full rights and freedom in investing RIA funds into various business sectors that are expected to benefit.

Interest Rate (BI Rate)

Bank interest can be interpreted as remuneration provided by banks based on conventional principles to customers who buy or sell their products. Interest can also be interpreted as the price that must be paid to customers (who have deposits) with those that must be paid by customers to the bank (customers who obtain loans).

In its operational activities, there are two types of interest given by conventional banks to their customers, namely: (1) interest on deposits; is the interest that is given as a reward for customers who save their money in the bank, and (2) loan interest; is the interest charged on funds that have been given to borrowing customers (creditors).

Inflation

Inflation is a symptom that indicates an increase in the general price level continuously, the price increase does not occur for a moment. Taqyuddin Ahmad ibn al-Maqrizi states, as quoted by Euis Amalia, in his book explaining that inflation occurs when prices in general continuously increase. At the time, there is a shortage of the supply of goods and services, while consumers have to spend more money for the same amount of goods and services.

Paul A. Samuelson in his book states that, as quoted by Adiwarman A Karim, inflation can be classified into three based on its severity, namely moderate inflation, galloping inflation, and hyperinflation. Moderate inflation has characteristic that is a slow increase in the price level and commonly referred to as 'single-digit inflation'. At this inflation rate, people are still willing to hold money and save their wealth in the form of money. Next is galloping inflation. At this rate, inflation occurs at a rate of 20% to 200% per year. At this inflation rate people only hold money as needed, while wealth is kept in the form of real assets. Then, the last is hyper inflation. This type of inflation occurs at a very high rate of millions to trillions of percent per year. No government has ever been able to withstand this third type of inflation which is very 'deadly'.

Profit-Sharing

Profit-sharing is the main operational basis for Islamic banks. This basic principle is what distinguishes Islamic banks from conventional banks. The principle of profit-sharing in Indonesia is applied in two methods, namely profit-sharing and revenue sharing. (Muhamad. 2016). Profit-sharing is a profit-sharing calculation based on the net result of the total income after being deducted the costs incurred to obtain the income. Revenue sharing is a profit-sharing calculation based on the total of all income received before being deducted the costs that have been incurred to obtain the income. In Indonesian Islamic banking, the profit-sharing system applied is a profit-sharing system based on a revenue-sharing system.

Branch Network

Branch networks are places/branches/offices that have a function to carry out operational activities or sharia services to customers. The number of Islamic bank branch networks will be a supporting factor for banks to collect and provide services to customers, which in the end will provide a sense of trust and security to the community. The types of bank offices consist of head office, full branch office, sub-branch office, and cash office.

METHODOLOGY

This study was a quantitative research which the data used was secondary data in the form of financial reports of Islamic Commercial Banks, profit-sharing rate data, BI interest rate data, profit-sharing rate data and Islamic bank branch network data.

The population in this study was Islamic Commercial Banks (ICB) in Indonesia which are registered in the Financial Services Authority (FSA). The sampling technique in this study used a purposive sampling technique. By using purposive sampling there were 11 ICB, out of 14 ICB, selected as the samples in this study. The eleven ICBs selected were Bank Muamalat, Bank Victoria Syariah, BRI Syariah, Bank Jabar Banten Syariah, BNI Syariah, Bank Mandiri Syariah, Bank Mega Syariah, Bank Panin Syariah, Bank Bukopin Syariah, BCA Syariah, BTPN Syariah.

The data analysis method used in this study was panel data regression analysis. Panel data is a combination of time series data and cross section data (Wing Wahyu Winarno, 2017). In the process of data analysis, the researcher used a tool, namely the Eviews application.

RESULTS AND DISCUSSIONS

Normality Test

Normality test is used to determine the data that has been collected is normally distributed or taken from a normal population.
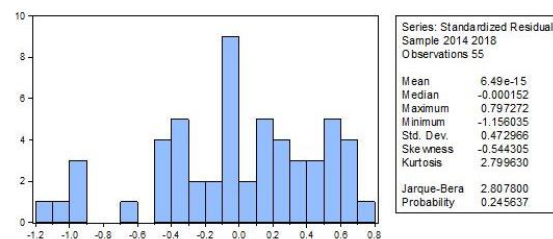
JB is 0.245637. The probability value of JB is greater than α = 0.05, so it can be concluded that the data in this study were normally distributed.

Multicollinearity Test

Multicollinearity is a condition where there is a linear relationship between independent variables. Multicollinearity test was used to see whether or not there was a linear relationship between independent variables in a regression model.

	X1_SUKU_BUNGA	X2_INFLASI	X3_BAGI_HASIL	X4_JARINGAN_CABANG
X1_SUKU_BUNGA	1.000000	0.589844	0.697127	0.002818
X2_INFLASI	0.589844	1.000000	0.809334	0.001827
X3_BAGI_HASIL	0.697127	0.809334	1.000000	0.006255
X4_JARINGAN_CABANG	0.002818	0.001827	0.006255	1.000000

Based on the table above, it can be seen that the relationship between independent variables does not show a linear value up to 0.9. The highest linearity value is 0.809334 that is the linearity between inflation and profit-sharing. Because there is no linearity value > 0.9, it can be concluded that the data in this study did not have multicollinearity symptoms.

Autocorrelation Test

The autocorrelation test is used to determine whether or not there is a deviation from the classical assumption of autocorrelation, namely the correlation occurred between the residuals in one observation with other observations in the regression model.

Weighted Statistics			
R-squared	0.607925	Mean dependent var	2.24E+12
Adjusted R-squared	0.576559	S.D. dependent var	2.92E+12
S.E. of regression	1.90E+12	Sum squared resid	1.81E+26
F-statistic	19.38166	Durbin-Watson stat	0.812331
Prob(F-statistic)	0.000000		

Based on the results of the autocorrelation test above, it can be seen that the Durbin-Watson

(DW) value obtained is 0.812331. This DW value would be compared with the Durbin-Watson table using a significance value of 5%. In other words, if the value of dU < DW and value (4-dU) > DW, the data is stated to have no autocorrelation problem. Based on the Durbin-Watson table, the dL value is 1.45232 and the dU value is 1.68149. The Durbin-Watson value is greater than the dU value, so it can be concluded that the data in this study had an autocorrelation problem.

To overcome the autocorrelation problem, the first differencing lag is needed for all variables. The following are the results of the autocorrelation test after the first differencing lag:

Weighted Statistics			
R-squared	0.118809	Mean dependent var	3.37E+11
Adjusted R-squared	0.028430	S.D. dependent var	1.16E+12
S.E. of regression	1.14E+12	Sum squared resid	5.07E+25
F-statistic	1.314569	Durbin-Watson stat	1.800794
Prob(F-statistic)	0.281568		

From the output above, after the first differencing lag autocorrelation test, it can be seen that the Durbin-Watson value obtained is 1.800794.

When the value of Durbin-Watson is compared with the dU and dL values in the Durbin-Watson table, the dU value (1.68149) is smaller than the Durbin-Watson value (1.800794) and the 4-dU value (2.31851) is greater than the Durbin-Watson value (1.800794) or equal to dU < DW and the value (4-dU) > DW, so it can be concluded that the data in the study had no autocorrelation problems.

Hoteroscedasticity Test

Heteroscedasticity test is used to see whether or not the variance of the residuals is similar for all observations in the regression model.

Dependent Variable: RESABS
Method: Panel Least Squares
Date: 11/03/19   Time: 13:13
Sample: 2014 2018
Periods included: 5
Cross-sections included: 11
Total panel (balanced) observations: 55

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.293535	0.502365	-0.584306	0.5616
X1_SUKU_BUNGA	0.003345	0.038994	0.085779	0.9320
X2_INFLASI	-0.018100	0.032825	-0.551394	0.5838
X3_BAGI_HASIL	0.117962	0.110862	1.064041	0.2924
X4_JARINGAN_CABANG	0.000116	0.001028	0.112937	0.9105

From the results of the heteroscedasticity test above, it can be seen that the independent variable has a probability value greater than the significance level used $\alpha = 0.05$ so that it can be concluded that the data in this study had no heteroscedasticity problems.

Hypothesis Testing

This test is a quantitative test used to determine the extent of the influence of the independent variables on the dependent variable. There are 3 hypothesis tests to be carried out in this study, namely partial test (t test), simultaneous test (F test), and coefficient of determination test (Adjusted R^2).

Dependent Variable: Y_DEPOSITO_MUDHARABAH
Method: Panel EGLS (Cross-section random effects)
Date: 11/03/19   Time: 13:16
Sample: 2014 2018
Periods included: 5
Cross-sections included: 11
Total panel (balanced) observations: 55
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.17E+13	3.41E+12	3.438497	0.0012
X1_SUKU_BUNGA	-1.59E+11	2.35E+11	-0.677701	0.5011
X2_INFLASI	2.54E+11	1.98E+11	1.280902	0.2061
X3_BAGI_HASIL	-1.83E+12	6.69E+11	-2.732179	0.0087
X4_JARINGAN_CABANG	2.58E+11	3.00E+10	8.608832	0.0000

Effects Specification			
		S.D.	Rho
Cross-section random		3.84E+12	0.8267
Idiosyncratic random		1.76E+12	0.1733

Weighted Statistics			
R-squared	0.607925	Mean dependent var	2.24E+12
Adjusted R-squared	0.576559	S.D. dependent var	2.92E+12
S.E. of regression	1.90E+12	Sum squared resid	1.81E+26
F-statistic	19.38166	Durbin-Watson stat	0.812331
Prob(F-statistic)	0.000000		

Effect of Interest Rates on *Mudharabah* Deposits

The interest rate variable had a probability value of 0.5011. This probability value was greater than the significant level used that was 0.05 (0.50 > 0.05) and the coefficient value was -1.59. This showed that the interest rate variable was partially negative and had no effect on *mudharabah* deposits. Therefore, the hypothesis stating that the interest rate variable has an effect on mudharabah deposits was rejected.

Those results are in accordance with a study conducted by Nila Juniarty et al. showing that the interest rate had no effect on the amount of *mudharabah* deposits and the interest rate had a positive but not significant relationship with *mudharabah* deposits. Rika Putri Nur Alinda stated in her study that the interest rate had no effect on the total *mudharabah* deposits.

These results indicate that customers in investing their funds in Islamic banking are not influenced by high and low interest rates. This happens because interest rates are not a reference for Islamic banks in providing returns to their *mudharabah* deposit customers. Moreover, the interest factor which has been expressly prohibited and is not justified by sharia is stated in the DSN MUI fatwa no. 03/DSN-MUI/IV/2000 provides clear instructions that Muslims is forbidden to

invest in deposits in conventional banks, and it is permissible for them to invest in *mudharabah* deposits in Islamic banks.

In terms of the interest rate data, it fluctuated in 2014 and in 2015 the interest rate was at 7%. Then, in 2016 and 2017 the interest rate was at 4% but in 2018 the interest rate rose to 6%. From this fluctuation, in fact, it did not affect the amount of *mudharabah* deposits in Islamic banks. Thus, this shows that the amount of interest has no influence on the amount of *mudharabah* deposits. Islamic bank customers remain loyal and are not affected by the size of the interest offered by conventional banks.

Effect of Inflation on *Mudharabah* Deposits

The inflation variable had a probability value of 0.2061. This probability value wass greater than the significant level used that was 0.05 (0.20 > 0.05) and the coefficient value was 2.54. This showed that the inflation variable was partially positive and had no effect on *mudharabah* deposits. Therefore, the hypothesis stating that the inflation variable has an effect on *mudharabah* deposits was rejected.

Those results are in accordance with a study conducted by Nila Juniarty, et al. showing that inflation had no effect on *mudharabah* deposits.

The results indicate that the increase in prices of goods/commodities and services has no effect on the amount of mudharabah deposits, this can occur because the inflation rate in the 2014-2018 period still tends to be stable at the level of 3%, and only in 2014 it was at the level of 8%. This inflation rate is included in the category of low inflation (mild inflation) or can also be called single digit inflation that is the inflation below 10%, and in this inflation people still believe and still want to hold money.

This single-digit inflation rate causes *mudharabah* deposit customers to continue to save their funds in Islamic banks. Customers still feel safe to save their funds in *mudharabah* deposits because inflation is still under control. In addition, *mudharabah* deposit customers seem to be able to predict the inflation rate that will occur, so they can plan the allocation of funds used for consumption and investment.

Inflation is a problem always occurred in a country both in developed countries and developing countries. According to al-Maqrizi, there are two causes of inflation, namely natural and human error inflation. Natural inflation is inflation occurred due to various natural factors that cannot be avoided by humans, while human error inflation is inflation occurred due to mistakes made by humans. It is the second factor that is more dominant in causing inflationary fluctuations and all of which originate from the human desire to obtain commodities to meet needs in excessive quantities, so that in the end it will cause scarcity, damage, imbalance and price increases.

The rules of consumption in Islamic economics actually adhere to the notion of balance in various aspects. Consumption carried out by a Muslim must not sacrifice the benefit of society, and prohibit *tabzir* and *israf* attitudes. It does not mean suggesting a Muslim to be stingy, but proposing the concept of balance in order to avoid damage that causes scarcity and price increases (inflation).

Effect of Profit-Sharing on *Mudharabah* Deposits

The profit-sharing variable had a probability value of 0.0087. This probability value was smaller than the significant level used that was 0.05 (0.00 < 0.05) and the coefficient value was -1.83. This showed that the profit-sharing variable was partially negative and had an effect on *mudharabah* deposits. Therefore, the hypothesis stating that the profit-sharing variable affects *mudharabah* deposits was accepted.

Those results are in accordance with a study conducted by Rika Putri Nur Alinda showing that the profit-sharing ratio had a significant effect on the total *mudharabah* deposits. In addition, Evi Natalia, et al. in her study stating that the rate of profit-sharing for Islamic bank deposits had a significant negative effect on *mudharabah* deposits.

The profit-sharing rate basically acts as the main driver in raising public funds for the *mudharabah* deposit product. The amount of the deposit will be determined by the high rate of profit-sharing. In general, if the profit-sharing for the *mudharabah* deposit provided is high, the public's interest in saving funds in the *mudharabah* deposit will also increase, and vice versa. This is because the motive of the community in keeping their funds in *mudharabah* deposits is based on the motive to get a return, namely profit-sharing. However, this is inversely proportional to the estimated results obtained by the correlation between the rate of profit-sharing and the amount of *mudharabah* deposits in Islamic banks.

When referring to the data in this study, it can be seen that the rate of profit-sharing had fluctuated and even had a downward trend. Then, this could be the cause of the negative correlation between profit-sharing and the amount of *mudharabah* deposits. On the other hand, if the rate

of profit-sharing tends to decrease but the amount of *mudharabah* deposits increases, this happens because in terms of investment, investors will look at interest rate (BI Rate) as the benchmark of whether the profit-sharing offered is large or not and competitive or not.

When the rate of profit-sharing falls, it will not necessarily make customers withdraw their *mudharabah* deposits, as long as the-profit sharing rate is still equal to or even better than the interest rate (BI Rate). Therefore, it is this profit-sharing rate that will determine the competitiveness of *mudharabah* deposits compared to conventional deposits.

Competitive profit-sharing will certainly provide an attractive supply to the community so that it will affect the interest and attitude of the community to want to deposit their funds in Islamic banks which will increase the amount of *mudharabah* deposits. As the number of *mudharabah* deposits collected increases, Islamic banks will be able to manage more third party funds which can be channeled to the *halal* economic sector through Islamic financing. This will certainly build a *halal* economic industry so that the economy that will grow in Indonesia is in Islamic economy based on the Qur'an and *Sunnah*.

Effect of Branch Network on *Mudharabah* Deposits

The branch network variable had a probability value of 0.0000. This probability value was smaller than the significant level used that was 0.05 (0.00 < 0.05) and the coefficient value was 2.58. This showed that the branch network variable was partially positive and had an effect on *mudharabah* deposits. Therefore, the hypothesis stating that the branch network variable has an effect on *mudharabah* deposits was accepted.

Those results are in accordance with a study conducted by Dita Meyliana and Ade Sofyan Mulazid showing that the number of offices had a significant effect on *mudharabah* deposits and the number of offices had a positive coefficient direction.

These results indicate that the increase in the branch network will have an impact on increasing the number of *mudharabah* deposits. The branch network as one of the accesses for the community to obtain literacy and services will also affect public interest so that it can increase the number of *mudharabah* deposits. The branch network can also be a separate consideration for people who want to save their funds in Islamic banks. The number of branches that are spread out will make it easier for the public to fulfill banking transactions. It is undeniable that, when Islamic banks expand and add branch networks, they will have wider opportunities to raise funds from the public.

On the other hand, the very rapid development of technology must be an important consideration for Islamic banks in carrying out their expansion to reach a wider range of customers. The current trend of society has shifted to banking services electronically or digitally.

The implication is that there is an increasing trend in the use of digital transactions, starting to affect the number of Islamic bank branches. FSA in Islamic Banking Statistics noted that the number of individual Islamic banking branch/office networks from 2016 to 2018 has decreased. However, behind the rapid digital development, the addition of new branch networks is certainly still needed, especially in remote areas where there is not much bank penetration. The reason is that there are still many areas in Indonesia that are still having trouble getting internet access. In addition, direct services are still very much needed because many people are still not internet literate.

The large number of branch networks that are spread out will certainly make it easier for the public to fulfill banking transactions. It is undeniable that, when Islamic banks expand and add branch networks, they will have wider opportunities to raise funds from the public. With these opportunities Islamic banks can project fundraising through *mudharabah* deposit products. With the increasing number of *mudharabah* deposit funds that can be collected, Islamic banks will have greater ability to channel financing to the public using Islamic economic principles, so that the economy that will grow is an Islamic economy based on the Qur'an and *Sunnah*.

Simultaneous Effects of Interest Rates, Inflation, Profit-Sharing, and Branch Networks on *Mudharabah* Deposits

The variables of interest rate, inflation, profit-sharing, and branch network had a probability value (F-statistic) of 0.000000. This probability value was smaller than the significant value used, 0.05 (0.00 < 0.05), so that it could be concluded that all independent variables simultaneously affected the dependent variable. Therefore, the hypothesis stating that the variables of interest rates, inflation, profit-sharing, and branch network simultaneously have an effect on *mudharabah* deposits was accepted.

These results are in accordance with a study conducted by Nila Juniarty, et al. concluding that

profit-sharing, interest rates, promotions, inflation, FDR, and number of offices had an effect on *mudharabah* deposits.

Mudharabah deposits have an important role in collecting funds from customers, because the funds to be collected are needed to carry out Islamic bank operations. The larger the funds collected, the better, because Islamic banks will have more opportunities to channel financing to the public.

The collection of funds through *mudharabah* deposits conducted by Islamic banks can be influenced by various factors, both internal and external.

The test results on several factors that can affect *mudharabah* deposits in this study including interest rates, inflation, profit-sharing, and branch networks simultaneously showed that all of these independent variables had an effect on *mudharabah* deposits. These results indicate that each variable will affect the *mudharabah* deposit. Every change in internal or external variables will have an impact or change which then forms the community's frame for the *mudharabah* deposit product. Therefore, supervision, performance quality, and services must be continuously improved so that the process of collecting and distributing funds carried out by Islamic banks is maintained and runs well.

As one of the products to raise funds for Islamic banks, *mudharabah* deposits are expected to be able to collect and mobilize surplus capital owned by the public to be invested in various *halal* economic sectors that require financing. The more allocation of third-party banking funds allocated to the halal economic sector will have a positive impact on the growth of the sharia-based national economy.

Coefficient of Determination Test (*Adjusted R²*)

The coefficient of determination test is used to measure the extent to which the ability of the independent variables in explaining the variation of the dependent variable.

Weighted Statistics			
R-squared	0.607925	Mean dependent var	2.24E+12
Adjusted R-squared	0.576559	S.D. dependent var	2.92E+12
S.E. of regression	1.90E+12	Sum squared resid	1.81E+26
F-statistic	19.38166	Durbin-Watson stat	0.812331
Prob(F-statistic)	0.000000		

From the table above, it can be seen that the Adjusted R-squared value is 0.576559. This means that the independent variables in this study are able to explain their effect on *mudharabah* deposits of 57.65%. The coefficient of determination that is close to 1 is able to provide all relevant information needed to predict variations in the amount of *mudharabah* deposits in Islamic commercial banks, while the remaining 42.35% is another variable not included in this study.

CONCLUSIONS

Based on the results of data processing and analysis carried out, the conclusions of this study were:

Partially, interest rate and inflation variables had no effect on *mudharabah* deposits. This showed that customers did not make the amount of interest at conventional banks as a reference in depositing their funds in Islamic banks. Similarly, inflation did not affect the amount of *mudharabah* deposits. This showed that the increase in prices of goods/commodities and services in the period 2014-2018 did not affect Islamic bank customers in saving their funds in *mudharabah* deposit products. Meanwhile, the profit-sharing variable and branch network partially had a significant influence on *mudharabah* deposits at Islamic Commercial Banks. This showed that the internal factors of Islamic banks played a very important role in the process of raising funds through *mudharabah* deposit products. In other words, if the branch network increased with the ease of access provided and the level of profit-sharing increased and could provide more competitive returns, this would increase the amount of *mudharabah* deposits of Islamic Commercial Banks. Along with the increase in the amount of *mudharabah* deposits, Islamic Commercial Banks will have greater ability to channel financing to the public based on Islamic economic principles, so that the economy that will grow is an Islamic economy based on the Qur'an and *sunnah.*

Simultaneously the variables of interest rates, inflation, profit-sharing, and branch networks had a significant influence on the amount of *mudharabah* deposits at Islamic Commercial Banks. This showed that any changes in internal or external variables would have an impact or influence that would shape the public's frame of *mudharabah* deposit products and ultimately have implications for the amount of *mudharabah* deposits that could be collected by Islamic Commercial Banks. Therefore, supervision, improvement in the quality of performance and services must continuously be improved so that the collection and distribution of funds carried out is maintained and runs well.

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