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The Effect of Islamic Financing on Financing Risk in Islamic Commercial Banks in Indonesia (Empirical Study on Islamic Commercial Banks in Indonesia 2016-2020)

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Abstract:- This study was conducted to examine the effect of the Financing Scheme in Islamic Commercial Banks which includes Murabahah, Mudharabah, Musyarakah, and Ijarah financing on Financing Risk or known as Non Performing Loans (NPL) in conventional banks and Non Performing Funding (NPF) in Islamic banks. The variables used in this study are the independent variables consisting of Murabahah, Mudharabah, Musyarakah, and Ijarah, and the dependent variable is the Risk of Financing or Non Performing Financing (NPF). The object used in the study is Islamic Commercial Banks registered with the OJK during the 2016-2020 period. This research is quantitative research of causality with multiple linear regression analysis method. The sample used is Islamic Commercial Banks (BUS) registered with the OJK during the study period. The results of the analysis (1) Murabahah has a positive effect on NPF; (2) Mudharabah has a negative effect on NPF; (3) Musyarakah has a negative effect on NPF; (4) Ijarah has a negative effect on NPF.

Keywords:- *Financing Scheme, Murabahah, Mudharabah, Musyarakah, Ijarah, Financing Risk.*

I. INTRODUCTION

As the nation with the largest Muslim population in t he world as well as a member of the G20, Indonesia is expected to be included in the group of 5 countries with the largest economies in the world by 2045. Therefore, Indonesia has great potential to become a world leader in economic development and Islamic finance both in terms of the halal industrial sector and the Islamic financial sector. This has been proven by the establishment of the National Sharia Economic and Finance Committee (KNEKS) which is a change from the KNKS to increase the development of the sharia economic and financial ecosystem and make Indonesia the World Halal Center (Perpres Number 91 of 2016 and the President as Chair).

By utilizing the information from the Financial Service Authority, in 2021 there will be 207 Islamic financial institutions that will be present. These will include12 Sharia Commercial Banks (BUS), 20 Sharia Business Units (UUS), and 175 Sharia People's Financing Banks (BPRS) in Indonesia. With fairly good growth and numbers, the significant increase in the Islamic finance portion must be able to benefit society. The growth is reflected in the total Indonesia's Islamic financial assets that grew by 24.54% year on year to reach Rp1,823.13 trillion as of January 2021. (Finansial Bisnis, 2021).

Period	BUS	UUS	BPRS
2016	13	21	166
2017	13	21	167
2018	14	20	168
2019	14	20	164
2020	14	20	163

Table 1: Development of Islamic Banking in Indonesia 2016-2020

Source: Islamic Banking Statistics 2020

The table illustrates that the development of Islamic banking in Indonesia, especially Islamic commercial banks has increased. If there is a decrease in the number of UUS and BPRS, it is due to the change in the status of the UUS unit to BUS as well as the BPRS. The development of Islamic banks took place after the Law no. 21 of 2008 concerning Islamic banking.

Considering that Islamic banks have a function as a financial intermediary, by collecting funds from the public as savings, current accounts and deposits and then channeling them back to the public as financing, banks are required to maintain their performance in order to gain public trust. In Sharia Banking there is a Sharia Supervisory Board (DPS) which has roles and functions that must be maintained, strengthened, and optimized in supervision to create a Sharia Bank that is healthy, efficient and in accordance with sharia rules and principles (I Siswanti et all, 2021). Thus, banks must be able to improve their health in order to improve their performance.

In the Regulation of the Financial Services Authority (POJK) Number 8/POJK.03/2014 concerning the Assessment of the Soundness of Islamic Commercial Banks and Sharia Business Units, there is a way of assessing the health of banks by using a risk approach or what is known as Risk Based Bank Rating (RBBR). using an assessment of four factors, namely Risk Profile, Good Corporate Governance, Earnings and Capital (RGEC). The most essential banking risk is credit risk or in Islamic banking terms referred to as financing risk. The profit-sharing system or known as Profit-Loss Sharing (PLS), theoretically has implications for risk, because this scheme divides profits and risks between banks

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and customers. Islamic banks use an indicator called Non-Performing Financing (NPF) as a ratio that describes how much non-performing financing occurs. The NPF indicator, which is used as the standard for financing and non-performing loans in banks and non-bank financial institutions, is generally set on the NPF criteria matrix with a maximum NPF of 5%.

Rank	Description	Criteria
1	Sangat Sehat	NPF < 2%
2	Sehat	2% ≤ NPF < 5%
3	Cukup Sehat	5% ≤ NPF < 8%
4	Kurang Sehat	8% ≤ NPF < 12%
5	Tidak Sehat	NPF ≥ 12%

Table 2: NPF Criteria Matrix

Source: SEBI No. 13/24//DPNP/2011

In 2016 there was a high NPF trend of 4.42% and increased in 2017 to 4.76% and decreased in 2018-2020, each of which fell to 3.93%; 3.23%; and 3.13%. Even though there was a decline, the decline was very small so that the possibility of an increase still needed to be watched out for so that the financial condition of the banking sector remained in a healthy and even very healthy condition.

During the Covid-19 pandemic, which significantly affected the contraction in the Islamic economy, NPF became a concern in financing risk management. In this regard, this study aims to look at some of the most Islamic financing schemes and are often used by Islamic banking that affect the level of NPF including the Sale and Purchase Financing Scheme (Murabahah), Profit Sharing (Mudharabah and Musyarakah) and Rent (Ijarah).

Identification of problems that occur, namely the movement of the NPF level which was at the highest level and the large amount of financing each year, especially in buying and selling financing (Murabahah), profit sharing (Mudharabah and Musyarakah), and leasing (Ijarah) which will provide financing risk to the bank. In addition, the criteria for limiting the value of the NPF ratio for a bank that is said to be very healthy based on SEBI No. 13/24//DPNP/2011 which is below 2% (< 2%), so that Islamic banks are expected to be in that position by identifying the influence of murabahah, mudharabah, musyarakah, and ijarah financing schemes. Research on financing risk (NPF) has often been carried out, but there is still a research gap in the inconsistency of results so further research needs to be done to prove the effect of buying and selling financing with murabahah measurement, profit & loss sharing financing with murabahah and musyarakah measurement, and lease financing with ijarah measurement against financing risk by measuring NPF in Islamic Commercial Banks (BUS).

This study will investigate further on how the influence of Murabahah, Mudharabah, Musyarakah, and Ijarah on NPF.

II. LITERATUR REVIEW

A. *Grand Theory*

Theories related to financing schemes and financing risks are:

- Signaling Theory, explains that the sending party (the owner of the information) gives a signal or signal in the form of information that reflects the condition of a company that is beneficial to the recipient (investor) (Spence, 1973)
- Positive accounting theory, explains the process of using accounting skills, understanding, and knowledge as well as the most appropriate accounting policies to deal with certain conditions in the future (Watts and Zimmerman, 1986).
- Homans' Exchange Theory in Islamic Accounting, people engage in behavior to get rewards or avoid punishment. This theory is based on the principle of economic transactions by wich people provide goods or services and hoping to get the goods or services they want in return. Ritzer & Douglas, 2003)
- Shariah Enterprise Theory (SET), is the theory that underlies sharia accounting. SET was developed and modified from enterprise theory (Harahap, 1996).
- Enterprise Risk Management, is a comprehensive approach to managing the company's risks as a whole, increasing the company's ability to manage uncertainty, minimize threats, and maximize opportunities (Indonesian Central Securities Depository, 2008).
- Moral Hazart, is the behavior of interested parties (stakeholders) such as banks (shareholders and management) or banking debtors who create incentives to have agendas and hidden actions that are contrary to business ethics and laws for their own benefit (Luiz, Silva and Masaru, 2001).

B. Banking Risk

According to the Indonesian Bankers Association (2016:20) the risk profile is:

"...an overall picture of the risks inherent in bank operations. Banks need to compile a risk profit report. In addition to reporting to Bank Indonesia, risk profile preparation is also required as a supervisory material to control bank risk effectively. In accordance with Bank Indonesia Regulations, the risk profile report is combined with the bank soundness level report, where the risk profile is one that contains a report on the level and trend of all relevant risk exposures and in accordance with the complexity of the bank's business, including the risk profile of subsidiaries".

According to the Circular Letter of the Financial Services Authority (OJK) number 10/SEOJK.03/2013 regarding the Soundness Level of Islamic Commercial Banks and Sharia Business Units, there are risk profile components, one of which is credit risk. Credit risk is the risk associated with the customer's or another party's failure to fulfill their contractual commitments to the bank. Credit risk exists in all bank activities whose performance depends on the performance of the counterparty, issuer, or borrower's performance. This risk uses Non Performing

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Loan (NPL) proxy called Non Performing Fund (NPF) in Islamic banks (Ramli, 2020). The NPF calculation is obtained from the total non-performing financing divided by the total financing (Andiman, 2021).

C. Financing Scheme

The contracts and types of Islamic banking financing are as follows:

a) Murabahah

Based on PSAK 102 paragraph 5 concerning Murabahah Accounting, murabahah is a sale and purchase agreement for products that requires the seller to tell the buyer how much the goods cost to buy plus the agreed-upon profit. Murabahah transactions do not have to be deferred payments (credit), but can also paying cash after receiving the goods, postponed in installments after receiving the goods, or postponed by paying off in the future (PSAK 102 paragraph 8).

Murabahah contracts are generally used by Islamic banks for consumptive financing products such as buying houses, vehicles, as well as productive activities such as purchasing supplies and offices/warehouses/shops where the bank acts as the seller and the customer acts as the buyer where the bank can take margins upon the goods traded.

According to Nurhayati & Wasilah (2013:177), there are two types of murabahah contracts, namely:

- Murabahah with orders (murabahah to the purchase order)

In this type of murabahah, the seller purchases the goods after an order is received from the buyer. Murabahah with orders can be binding or non-binding for the buyer to buy the goods ordered. If it is binding, it means that the buyer must buy the goods ordered and cannot cancel the order. If the murabahah asset that has been purchased by the seller, in a binding murabahah order, is impaired before being handed over to the buyer, the decrease in value will be borne by the seller and will reduce the value of the contract.

- Murabahah without an order, this murabahah is not binding.

b) Mudharabah

According to Djuwaini (2010:224), Mudharabah originated from the word "dharb", which means hitting or walking. The definition of hitting or walking refer to the process of a person moving his feet while doing business. In the Statement of Financial Accounting Standards (PSAK) 59 concerning Islamic Banking Accounting, it is explained that the characteristics of mudharabah (PSAK 59, Islamic Banking Accounting, paragraphs 6 to 11) are that mudharabah is a business cooperation contract between shahibul maal (fund owner) and mudharib (fund manager) with profit sharing ratio according to the agreement in advance (PSAK 59-Accounting for Islamic Banking, paragraph 6).

The mudharabah contract is a cooperation agreement between the two parties where the first party is the shaahibul mal (capital owner) providing all the capital needed by the mudharib (the party doing the business) to run a business (PSAK 105 concerning mudharabah accounting). The mudharabah contract can be used to raise funds or distribute funds where the sharia bank acts as shaahibul mal if the mudharabah contract is used as the underlying in the distribution of financing and as mudharib if the mudharabah contract is used as the underlying bank to collect funds from the public.

According to PSAK 105 concerning Mudharabah Accounting, mudharabah can be divided into three types, namely mudharabah muthlaqah, mudharabah muqayyadah, and mudharabah musytarakah.

- Mudharabah Muthlaqah, the owner of the fund gives freedom to the fund manager to manage his investment.
- Mudharabah Muqayyadah, the owner of the fund give restrictions to the fund manager, regarding the place, method and or object of the investment.
- Mudharabah Musytarakah, the fund manager includes his capital or funds in the investment.

c) Musyarakah

In PSAK 106 Paragraph 4 concerning Musyarakah Accounting, Musyarakah is the agreement between two or more parties in a particular business, where each party contributes funds where profits are shared based on an agreement while losses are shared based on the portion of the contribution of funds. These funds include cash or non-cash assets permitted by sharia.

Musyarakah, is a contract that is generally used as the underlying distribution of financing. According to Bhinadi (2018: 156), Musyarakah financing is the agreement between the owners of capital (musyarakah partners) to combine capital and conduct business together in a partnership, with profit sharing ratio as stated in the agreement, while losses are shared proportionally according to capital provisions.

d) Ijarah

Ijarah means the transfer of rights to use goods or services followed by payment of wages or rental fees without the transfer of ownership of that goods or services (Nurhayati & Wasilah, 2013). Ijarah can be interpreted as a contract for the transfer of rights (benefits) of an item or service, within a certain time with the payment of rental wages (Ujrah), without being followed by a transfer of ownership of an item or service (Halim, 2020).

Assets that are leased (objects of ijarah) can be in the form of houses, cars, equipment and so on, because what is transferred is the benefit of an asset so that everything that can be transferred can become the object of ijarah. Thus, consumables cannot be the

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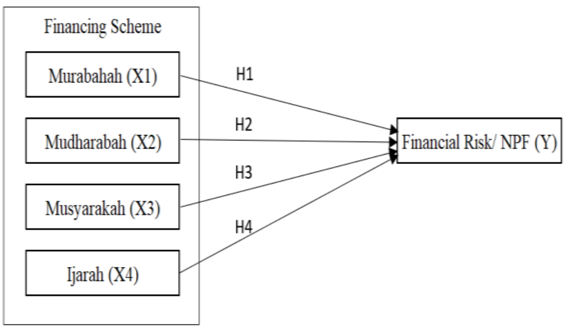
object of ijarah, because taking advantage means having it.

The ijarah contract requires the registrant to provide assets that are used or can be utilized during the contract period and entitles the Registrant to receive wage rent (Ujrah). For example, renting a vehicle, the vehicle must be usable, and the damaged vehicle cannot be used. If after the contract there is damage before use and at any time it has not passed, then the contract can be said to be void or the registrar must replace it with other similar property.

In the event of a defect resulting in a decrease in the usefulness of the leased asset and not due to the negligence of the lessee, the registrant shall bear the maintenance costs for the duration of the contract or replace it with a similar asset.

In fact, the lessee must be obliged to prepare the leased asset in a condition that can be utilized. Tenants are parties who use/benefit the assets so that the tenants are obliged to pay rent and use the assets in accordance with the agreement (if any), do not conflict with sharia and maintain or maintain the integrity of the assets. If damage to assets occurs due to the negligence of the tenant, it is obligatory to replace or repair it. During the renovation period, the rental period does not increase. The registrar may ask the lessee to submit an Ijarah guarantee to avoid the risk of loss- PSAK 107.

e) Research Hypothesis



Picture 1: Hypothesis

Hypothesis 1: Murabahah (X1) has positive effects on Financing Risk (NPF) in Islamic Commercial Banks,

Hypothesis 2: Mudharabah (X2) has positive effects on Financing Risk (NPF) in Islamic Commercial Banks,

Hypothesis 3: Musyarakah (X3) has positive effects on Financing Risk (NPF) in Islamic Commercial Banks,

Hypothesis 4: Ijarah (X4) has positive effects on Financing Risk (NPF) in Islamic Commercial Banks

III. METHOD

A. Research Design

This research is causality research, meaning that between two or more variables have a relationship. The technique used in this research is multiple regression analysis technique. Multiple regression analysis is to get the results of the independent variables that directly affect or explain the dependent variable.

B. Variable Operational Definition

Based on theoretical studies, the operational understanding of this research will examine the independent variables consisting of Murabahah (X1), Mudharabah (X2), Musyarakah (X3), and Ijarah (X4), while the dependent variable used is financing risk (Y). Measurements for each variable are as follows:

1. Murabahah:

$$\frac{\Sigma \text{ Total Murabahah}}{\text{Total Financing}} \; x \; 100$$

2. Mudharabah:

$$\frac{\Sigma \text{ Total Murabahah}}{\text{Total Financing}} \; x \; 100$$

3. Musyarakah:

$$\frac{\Sigma \text{ Total Musyarakah}}{\text{Total Financing}} \; x \; 100$$

4. Ijarah:

$$\frac{\Sigma \text{ Total Ijarah}}{\text{Total Financing}} \; x \; 100$$

5. NPF:

$$\frac{\text{Total Non Performing Finance}}{\text{Total Financing}} \; x \; 100$$

C. Types and Sources of Data

The type of data used in this study is quantitative data with a ratio data scale sourced from secondary data obtained by measuring the value of one or more variables in the sample. In this study several variables were measured by ratio data. This study uses time series data in 2016-2020 period. The company's financial data was obtained from the 2016-2020 Financial Services Authority.

D. Data Collection Technique

The data collection technique used is non-participant observation. This means collecting, recording and analyzing secondary data sourced from the financial statements of 13 Islamic commercial banks in 2016-2020.

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E. Population and Sample

- Population is a general area of objects or subjects that have the characteristics and qualities needed by researchers to be used as a learning tool to draw conclusions. The population of this research is 14 Islamic Commercial Banks (BUS) registered within the OJK in the 2016-2020 period.
- The technique used for sampling is purposive sampling that based on certain criteria or considerations (Sugiyono, 2012). The criteria used in selecting the sample in this study are:
  - The sample is Islamic Commercial Banks 2016-2020
  - Existing at OJK during the period 2016-2020
  - The bank has complete financing model, including Murabahah, Mudharabah, Musyarakah, and Ijarah financing during the research period.

F. Data Analysis Method

- Data analysis in this study is quantitative analysis, namely analyzing data related to Murabahah (X1), Mudharabah (X2), Musyarakah (X3), and Ijarah (X4) on NPF (Y), with the data in the study in the form of numbers statistically processed using Multiple Linear Regression analysis method. Analysis of the data obtained in this study will use the help of Statistical Product and Service Solution (SPSS) 26.0 for windows.
- Classical Assumption Test, to determine the relationship between research variables in the regression model.
- Model Feasibility Test, usually called the F test (to test the simultaneous effect of independent variables on the dependent variable) and the coefficient of determination test/R test (to measure the percentage of variation in the dependent variable explained by all independent variables.
- Multiple Linear Regression Analysis, which is to find out if there is a relationship or not between the dependent variable (Y) that is NPF from the independent variable (X), where X1 is Murabahah, X2 is Mudharabah, X3 is Musyarakah, X4 is Ijarah.
- Hypothesis Testing, which is a t-statistical test, which showing how far the influence of one independent variable individually in explaining the variation of the dependent variable (Ghozali, 2016).

IV. RESULTS AND DISCUSSION

The population of this study is all 14 Islamic Commercial Banks (BUS) registered within the OJK for the 2016-2020 period. However, there was 1 BUS that did not exist in the 2016-2020 period, 5 BUS did not have complete financing, that are Murabahah, Mudharabah, Musyarakah, and Ijarah financing during that period, so the sample only consisted of 8 BUS multiplied by 5 years of research to become 40 samples in the study.

A. Descriptive Statistics

From the results of descriptive statistics, the data found are as follows:

- The average value of Murabahah is 0.4985, Mudharabah is 0.0800, Musyarakah is 0.4173, Ijarah is 0.1525, and NPF is 2.4085.
- The minimum value of Murabahah is 0.02, Mudharabah is 0.01, Musyarakah is 0.06, Ijarah is 0.001, and NPF is 0.01.
- The maximum value of Murabahah is 1.09, Mudharabah is 0.74, Musyarakah is 1.00, Ijarah is 1.05, and NPF is 4.97.
- The standard deviation of Murabahah is 0.24659, Mudharabah is 0.14999, Musyarakah is 0.25959, Ijarah is 0.26455, and NPF is 1.63396.

B. Classical Assumption Test

The results of the normality test, it was found that the Kolmogorov-Smirnov value was 0.126, which means the data is normally distributed.

The results of the multicollinearity test are that the calculation results of the tolerance value show that there is no independent variable that has a tolerance value of less than 0.10 for each variable and the results of the VIF calculation also show that there are no variables having VIF value more than 10, so the conclusion is that there is no multicollinearity between independent variables in the regression model.

The results of the heteroscedasticity test are that the sig value was more than 0.05 so it could be concluded that there was no heteroscedasticity problem in the regression model.

The result of the autocorrelation test, Durbin Watson (d) value is 1.918. while the value of dU = 1.7209 and dL = 1.2848. Value dU (1.7209) < d (1.918) < 4-dU (2.2791). It can be concluded that there are no problems or symptoms of autocorrelation.

C. Model Feasibility Test

The results of the coefficient of determination test (R test), it is known that the Adjusted R Square (R^2) value is 0.244 = 24.44%. It means the magnitude of the influence of the NPF variable on the independent variables in this study is 24.44%, the remaining 75.60% is influenced by other variables outside this subject of study.

The results of the F test, ANOVA obtained F count of 4.146 and a significance value of 0.007. F table can be seen in the statistical table at a significance level of 0.05 with df 3 (the number of independent variables (k) – 1) = 3 and df 2 the number of respondents (n) – k) or 40 – 4 = 36, the results obtained for F table of 2.86. Based on the above calculation 4.146 > 2.86 then Ho is rejected, which means it is significant. Based on the data, the results of the analysis obtained a value of 0.007 < 0.05, it means Ho is rejected and Ha is accepted. Thus, the results of hypothesis testing can be concluded that Murabahah, Mudharabah, Musyarakah, and Ijarah have an effect on NPF. In other words, the fit regression model with observational data is suitable for further analysis.

The results of the multiple regression test found that:

- The regression coefficient of the Murabahah variable is +0.114 which states that Murabahah has a positive value to the NPF. This means that the higher the Murabahah, NPF will increase.
- The regression coefficient for the Mudharabah variable is -0.303 stating that the mudharabah has a negative value to the NPF. This means that the higher the Mudharabah value, NPF will decrease.
- The regression coefficient of the Musyarakah variable is -0.258 which states that Musyarakah has a negative value to the NPF. This means that the higher the Musyarakah, NPF will decrease.
- The regression coefficient of the Ijarah variable is -0.275 which states that ijarah has a negative value to the NPF. This means that the higher the Ijarah, NPF will decrease.

D. Hypothesis Test

From the results of the t-test above, it can be concluded that in the Murabahah variable (X1), the t-count is 0.328 with the t-table value at 5% is 2.03. The significance value is 0.745 which is above 0.05. Thus Ha is rejected, which means that Murabahah has no effect on NPF (Y).

The results of the t-test on the Mudharabah variable (X2) as shown in table 4.11 above, the t-count is -1.309 with the t-table value at 5% is 2.03. The significance value is 0.199 which is above 0.05. Thus Ha is rejected, which means that Mudharabah has no effect on NPF (Y).

The results of the t-test on the Musyarakah Development variable (X3) as shown in table 4.10 above, the t-count is -0.796 with the t-table value at 5% is 2.03. The significance value is 0.431 which is above 0.05. Thus Ha is rejected, which means Musyarakah has no effect on NPF (Y).

The results of the t-test on the Ijarah Development variable (X4) as shown in table 4.10 above, the t-count is -3.319 with the t-table value at 5% is 2.03. The significance value is 0.002 which is below 0.05. Thus Ha is accepted, which means Ijarah has an effect on NPF (Y).

V. CONCLUSIONS AND SUGGESTIONS

A. Conclusions

Based on the results of the analysis and testing in this study, there are several conclusions as follows:

- Murabahah has a positive effect on Financing Risk (NPF) at Islamic Commercial Banks, then any increase in Murabahah financing will cause an increase in Financing Risk (NPF) at the bank.
- Mudharabah has a negative effect on Financing Risk (NPF) in Islamic Commercial Banks, then any increase in Mudharabah financing will not cause an increase in Financing Risk (NPF) at the bank.
- Musyarakah has a negative effect on Financing Risk (NPF) in Islamic Commercial Banks, then any increase in Musyarakah financing will not cause an increase in Financing Risk (NPF) at the bank.
- Ijarah has a negative effect on Financing Risk (NPF) in Islamic Commercial Banks, then any significant increase in Ijarah financing will still not cause an increase in Financing Risk (NPF) at the bank.

B. Managerial Implications

This study can be concluded that in the financing scheme consisting of Murabahah, Mudharabah, Musyarakah and Ijarah, only Murabahah has a significant positive effect on Financing Risk (NPF) in Islamic Commercial Banks, which means that every increase in Murabahah financing will also cause an increase in Financing Risk (NPF) in banks. Banks must put more emphasis on the prudential banking principle in all banking activities to create banking health based on Law no. 21 of 2008 concerning Islamic Banking where banks must be very careful in carrying out business activities both in collecting and distributing funds to the public. Banks must also be more selective in providing financing facilities and assessing the quality of prospective debtors to minimize the risk of non-performing loans. In terms of human resources, banks must also provide good quality of human resources especially in credit analysis and provide adequate training for them to be able to assess prospective debtors and their ability to pay.

C. Suggestions

For further research, it is possible to add several proxies such as Istisna, Qard, Salam financing scheme as studied in the research of Riduwan & Danupranata (2020) or other proxies that can give an influence on bank financing risk so that banks can detect early on marketing strategies for financing products that are risky or not. In addition, further research can extend the research period so that a larger sample of companies can be obtained.

As suggestions for banks, they can increase Mudharabah, Musyarakah, and Ijarah contracts financing because referring to the results of this study, Mudharabah, Musyarakah, and Ijarah contracts are considered not to pose credit risk and are in accordance with the NPF matrix in Bank Indonesia Circular Letter No. 13/24//DPNP/2011 to become a healthy bank with the criteria of 2% NPF < 5%, even that will increase the bank's profit. In addition, banks should give limit to murabahah contracts financing by providing additional policies that are adjusted to DPS and OJK policies, in order to minimize the risk of bad credit, because referring to the results of this study, Murabahah is considered to pose a risk of bad credit to banks. If the benchmark of the matrix set by OJK falls into the criteria of Unhealthy 8% NPF < 12%, OJK will reprimand and summon the Sharia banking Board of Directors.

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