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Research Article

Third Party Funds and Indonesia's Sharia Banking Profitability with Revenue Sharing as Intervening Variable

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Abstract: The purpose of this research is to know the influence of third party funds on profitability with profit sharing as intervening variable in sharia banking in Indonesia. By using purposive sampling method, 10 sharia banks are selected as sample for the period of 2013 until 2016. The data is derived from financial report and annual report of the sharia banks. The results of this study indicate that third party funds influence the revenue sharing, where the greater the third party funds, the higher the revenue share. The profit sharing influences profitability. Third party funds have positive influence on profitability so that profit sharing can be an intervening variable between third party funds and profitability.
Keywords: Third party funds, Revenue sharing, Profitability.

1. INTRODUCTION

The world of sharia economics in Indonesia has developed so well, which is characterized by the development of sharia financial institutions such as banks, insurance, capital markets, pawnshops and others. The competition between sharia banks is getting stringent either directly or indirectly will affect the achievement of the profitability of sharia banks. The most important business activity of a bank is the collection and distribution of funds. The fund collection activities come from the bank itself, either from customers, loans from other banks or Indonesian banks and from other sources. The activities of bank fund collections mostly come from customer deposits in the form of credit transfer (*giro*) deposits, savings and deposits. These customer deposits are referred to as third party funds. The high level of Third Party Funds is an increase in public trust in sharia banking and at the same time shows that the potential market for sharia banking is still large in Indonesia.

Third party funds consist of the sum of credit transfer (*giro*), savings and deposits (Sudiyatno, 2010). Third party funds are the market segment of funds collected by each bank individually. The greater the third party funds owned by a bank, the better the level of public trust in the bank concerned. Furthermore, Sudiyatno and Suroso (2010) shows that third party funds have a positive influence on bank performance. The banking performance is seen from the ability of banks to provide benefits from assets, equity, and debt. Banking performance is a banking work presentation. Previous research has proven that *zakat* can affect the financial performance of sharia banking. While third party funds also proved to be a factor mediating the effect of *zakat* funds allocation on the financial performance of sharia banks (Amirah and Raharjo 2014). This means that the increasing management of *zakat* funds, the third party funds also increasing (Amirah and Raharjo 2014). *Mudharabah* financing is a revenue sharing financing when the bank as the owner of funds/capital (100%) is channeled to the entrepreneur as the manager, in terms of the profit will be shared between the bank and the entrepreneur in accordance with the predetermined agreement (Ascarya 2011). *Mudharabah* and *musyarakah* financing channeled by banks to customers/managers has a large influence on the development of the bank itself. The greater the channeled funding, the higher the profit that the bank will get, thus it can assist in the return of capital and gain profit. Profit is an important element in ensuring the continuity of the bank, with the obtained profit the bank's objectives will be achieved. In accordance with the concept of profitability that one thing that influences the profitability of a bank is the financing channeled by a bank. If the level of financing is high, then profitability will increase. Profitability can be interpreted as one indicator to measure the performance

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of a company (Syafri Harahap 2008). Profitability is the most appropriate indicator to measure the performance of a bank. In general, profitability is measured by *Return on Assets* (ROA). The reason for choosing *Return on Assets* (ROA) as a measure of bank profitability performance is because ROA is used to measure the effectiveness of a company in generating profits by utilizing its assets. ROA is the ratio between pre-tax profit to total assets (Puspitasari 2009).

There are not so many studies yet about third funds party and Indonesia sharia bank profitability with profit sharing as the intervening variable. This study gives contribution in the form of first empirical evidence, that profit sharing as intervening variable among third party funds and profitability, which is by the presence of high third party funds, then sharia bankings will be more improved in its performance, thus the obtained profit sharing will be higher and the society will trust more to save their money in the sharia banks and the profitability will also increase.

Third party funds is the market segment funds which are collected by each bank individually. The greater the third party funds owned by a bank, the better the level of society trust to the bank itself. Secondly, this study can be used as a consideration for the sharia bankings in formulating more reliable strategies in collecting and channeling funds which will affect the profitability of the sharia bankings and also as a consideration by the society in making decision to save in sharia banks with the availability of profit sharing information.

In this study the high value of third party funds and revenue sharing financing will affect the business activities which are carried out by the banks, which of course will affect the level of profitability that will be obtained by the bank. Meanwhile, the bank's main business activities and the biggest one is financing. Therefore, in this study, revenue sharing is used as an intervening variable to determine the influence of third party funds on profitability through revenue sharing financing distributed by sharia banks. This study aims to obtain empirical evidence regarding the influence of third party funds on profitability with revenue sharing financing as an intervening variable.

1. STUDY OF LITERATURE AND HYPOTHESIS DEVELOPMENT

1.1. Sharia Bank

Sharia banks are banks that carry out their business based on Islamic sharia principles. Sharia banks which are often called Islamic banks are banks that operate without relying on interest (Sulhan 2008). Sharia banks can function as *amil* for *zakat*, *infaq* and *shodaqoh* from the society.

1.2. Third-party funds

Third party funds are funds that are trusted by society to the banks based on funds deposit agreements in various forms, the existence of third party funds is the bank's main source to provide various revenue sharing. In addition, according to Kuncoro (2002) Third Party Funds (TPF) are funds which originated from the society, both individuals and business entities, which are obtained by banks by using various deposit products owned by banks. Society funds are the largest funds owned by banks and this is in accordance with the bank's function as a fund-raising institution from parties who have excess funds in the society. Funds collected from the society are the largest source of funds that the bank relied on (up to 80% - 90%). Savings funds in sharia banks can be utilized as much as possible by banks for operational activities of the sharia banks (Gumilarty and Indriani 2016).

1.3. Financing of Profit sharing

Financing in general means spending, which is, money funding is spent to support planned investments, either carried out alone or run by others. In a narrow meaning, financing is used to define funding carried out by financial institutions, such as sharia banks to customers. In terminology of financing is active or passive funding carried out by financial institutions to the customers. In sharia, the principles of profit sharing based on the most widely used rules are *al-musyarakah* and *al-mudharabah*. *Al-musyarakah* is a cooperation agreement between two or more parties for a particular business where each party contributes funds with an agreement that the benefits and risks will be borne jointly in accordance with the agreement. *Al-mudharabah* comes from the word *dharab*, which means walking or hitting. Technically, *al-mudharabah* is business collaboration between two people where the first party (*shohibul maal*) provides all capital, while the other party becomes the manager. Business profits are divided according to agreements in the contract, whereas if there is loss is borne by the owner of the capital as long as the loss is not due to the manager's negligence. If the loss was caused by fraud or negligence of the manager, the manager must be responsible for the loss (Antonio 2001). Some important aspects of *al-mudharabah* are the sharing of profits between the two parties must be proportional and cannot provide direct or definite benefits to *shahibul maal*/*rabb al-mal* or the owner of capital. *Rabb al-mal* is not responsible for losses beyond the capital that has been given. In transactions with the *mudharabah* principles must be fulfilled the pillars of mudharabah, they are: *shahibul maal*; *mudharib*; *amal* (business/work), and *ijab qabul* (testified). The legal foundation of Al-qur'an: “and others travelling through the land, seeking God’s bounty”.

There are two types of *mudharabah*, the first *mudharabah muthlaqah* is an absolute *mudharabah* where *shohibul maal* does not set certain restrictions or conditions for *mudharib*. Second, *mudharabah muqayyadah*, which is the owner of the fund (*shahibul maal*) limits/gives conditions to *mudharib* in managing funds such as for example only to do *mudharabah* in certain fields, ways, times and places (Karim 2007). Whereas according to Nurhayati and Wasilah (2013), *mudharabah* is a cooperation contract between the fund owner and fund manager to conduct business activities. Meanwhile *musyarakah* financing is usually called *syirkah* or cooperation, which is an agreement between the two parties or the owners of capital/funds to mix their capital in a particular business with the profit sharing and losses agreed together upon previously. Through the profit sharing, sharia banks obtain income in the form of profit sharing which is part of the sharia banks.

1.4. Profitability

Investors in the capital market are very concerned about the company's ability to generate, support and increase profits. Profitability is the ability of a company to make a profit through all its capabilities, and available resources such as sales activities, cash capital, number of employees, number of branches, and so on. Profitability ratio is also called rentability ratio. This ratio aims to determine the ability of banks to generate profits during a certain period. The higher the profitability ratios held, it describes the bank managed to increase revenue and minimize operational costs incurred. The higher the profitability ratio, describing the bank is able to increase revenue and minimize operational costs incurred. Profitability analysis can be used to measure the performance of a company that is actually a profit motive (Mawardi 2004). Profitability can be calculated by using the *Return on Assets* (ROA) ratio. ROA is a comparison between net income and average assets. A ratio that measures a company's ability to use all assets held to generate profit after tax. Profit is the main goal to be achieved in a business including banking business. The reason for the achievement of banking profits can be in the form of adequacy in fulfilling obligations to shareholders, assessment of the performance of leaders, and increasing the attractiveness of investors to invest. High profits make banks gain trust from the society which allows banks to raise more capital so that banks have the opportunity to lend wider (Simorangkir 2004). The level of profit or profitability obtained by a bank is usually proxied by *return on assets* (ROA). This ratio is used to measure the ability of a bank's management to gain profits or overall profits. The greater the ROA value of a bank, the greater the level of profit achieved by the company and also the better the position of the company in terms of asset use as well. ROA can help companies that have carried out accounting practices well to be able to measure the efficiency of using a comprehensive capital, which is sensitive to everything that affects the financial condition of the company so that the company's position on the industry can be known. This is one of the steps in strategic planning. Profit is the main goal to be achieved in a business, including banking business. Meanwhile according to Bank Indonesia in the attachment to Circular Letter number 3/30/DPNP Return on Assets (ROA) is a comparison between profits before tax with the average total assets in a period. The greater the Return on Assets (ROA), indicates the better the company's performance, because the return is greater. Therefore, this study uses Return on Assets (ROA) as an indicator of bank profitability. This ratio measures the level of investment return that has been made by the company by using all of its funds (assets). Thus, the point is that ROA is a picture of the bank's productivity in managing funds so as to generate profits.

1.5. Influence of third party funds on *mudharabah* financing

Third Party Funds are all funds generated from sharia bank products in the form of wadiah *Bilyet giro*, *wadiah* savings, *mudharabah* savings and *mudharabah* deposits. The growth of each bank is strongly influenced by the development of its ability to raise society funds. According to Pratin and Adnan (2005), the greater the source of funds, the more banks will be able to channel financing. This study shows that Third Party Funds have a positive and significant influence on Financing of Revenue Sharing in Indonesian Sharia Banks, which means that Third Party Funds are closely related to the amount of financing channeled. Because banks are obliged to channel funds for financing, so Third Party Funds greatly affect the amount of financing funds that can be channeled by the sharia banks. Third Party Funds have the most powerful influence on financing. This is because deposits or Third Party Funds are assets that are owned by the largest sharia banking that can affect financing. This research was supported by Liliani who stated that Third Party Funds had a significant positive influence on financing of revenue sharing. Because in sharia banks, the channeling funds is aimed to obtain acceptance which can be made if only the funds have been collected from the Third Party Funds. Whereas according to Faizal and Prabawa (2010), stated that Third Party Funds have a positive and significant influence on the revenue sharing financing volume, this is because the higher the Third Party Funds collected by banks, will encourage an increase in the volume of financing for the channeled revenue sharing. Third Party Funds are also a source of liquidity to facilitate financing on the bank's balance sheet assets. Therefore the more the Third Party Funds have been collected by banks, the more funds that can be channeled by the bank. Thus, if the amount of Third Party Funds increases, *Murabahah* financing provided by the sharia banks also increases. From the results of theoretical thinking framework and based on previous research that has been explained, this research hypothesis is formulated as follows:

Hypothesis 1: Third party funds have positive influence on *mudharabah* financing of sharia banks

1.6. Influence of Third Party Funds on Profitability

Third party funds are a sum of money that has a bank and comes from outside parties who save their money. If there is an increase in third party funds, profitability will also increase. This result is in accordance with the theory which states that the greater the amount of funds collected from both investor capital and the society, the more ROA of a bank will increase. The results of this study supported by Nasution (2012) who conducted research on state banks in Indonesia which also produced findings that third party funds have a positive and significant effect on ROA. This indicates that the more customer deposits collected by state-owned banks will increase the bank's business activities to obtain its profitability. Thus, the bank is expected to be able to encourage customers to increase their savings in order to maximize their profitability by maintaining the *spread* between deposit interest and loan interest and keeping the funds from being *idle*. With more funds that can be collected through third party funds, banks can add credit or other business activities that can bring greater profitability to the bank. Meanwhile, according to Yuliadi (2008), stated that based on the results of partial research at 95% confidence level, it can be concluded that only savings have a significant positive effect while credit transfer (*giro*) has a significant influence on the level of profitability. Based on the explanation above, this research hypothesis is formulated as follows:

Hypothesis 2: Third party funds have positive influence on the profitability of Islamic banks

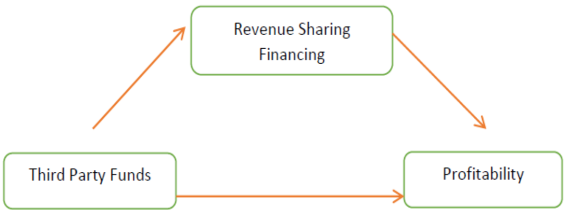
1.7. Revenue Sharing Effect on Profitability

Mudharabah is where there are two parties who promise to cooperate in a partnership. The Bank is one of the institutions which tasked for collecting funds and redistributing the funds to add value to money. Sharia banks channel funds through *mudharabah* and *musyarakah* financing to finance certain businesses that are managed by *mudharib* who will benefit from the business. Revenue sharing of *mudharabah* financing on *return on assets* will affect the level of profitability of Indonesian sharia banks. The better management of *mudharabah* financing, the greater the revenue sharing of mudharabah obtained by the sharia banks. The revenue sharing rate of *mudharabah* financing greatly influences the rate of return on investment from the results of revenue sharing. Meanwhile, according to Afkar (2017) *Mudharabah* Financing is a scheme financing whose revenue share has a positive impact on profit changes. This research was supported by Ghoniyah and Wakidah (2012), stated that the higher the revenue sharing which will be given, the profitability will also be high, the greater the level of *mudharabah* income, the greater the financing income will be. From the results of theoretical framework and based on previous research that has been explained, this research hypothesis is formulated as follows:

Hypothesis 3: Revenue sharing has positive influence on the profitability of Sharia banks

1.8. Effect of Third Party Funds on Profitability by Revenue Sharing as an intervening variable

The result of the path analysis above shows that third party funds have an influence on profitability and revenue sharing financing has a positive influence on profitability. Thus, revenue sharing financing is able to mediate the influence of third party funds on profitability. From this explanation, the hypothesis in this study is that revenue sharing financing acts as an intervening variable for the influence of third party funds on profitability. The framework in this study can be described as follows:



II. RESEARCH METHODS

3.1. The Scope of Research

This study was conducted to test whether the independent variable consisting of Third Party Funds (TPF), revenue sharing financing can affect the dependent variable, which is profitability in sharia banks which is proxied by the ratio of *Return on Assets* (ROA). The period of research had been carried out since 2013 until 2016.

3.2. Population and Sampling Technique

The population in this study is Sharia banks in Indonesia that reports its performance at Indonesian Bank consisted of 10 banks. The sample determination method used in this study uses *purposive sampling* method. *The purposive sampling* method is a technique of determining samples which sample units are selected based on certain considerations with the purpose of obtaining sample unit that has the desired characteristics and criteria in sampling (Ghozali 2006). The samples criteria in this study are sharia banks and have third party funds reports for the period of 2013 – 2016 and there are 10 sharia banks. The data in this study are secondary data, in the form of revenue sharing financing and profitability that use ROA. Publishing complete financial statements.

3.3. Source and Method of data collection

Data sources used in this study are the company's annual financial statements contained in the Financial Services Authority, the results of scientific research reports, scientific research journals, through the website of each sharia banks and IDX 2016 (www.idx.co.id).

3.4. Research variable

The variables in this research are 1 independent variable, 1 (one) intervening and 1 (one) dependent variable. The independent variables are third party funds X1, revenue sharing Y1 and profitability Y2.

3.5. Operational Definition

Third-party funds

Third Party Funds (TPF) are funds entrusted by the society to banks based on funds deposit agreements in the form of *wadi'ah* credit transfer (*giro*), *wadi'ah* savings, *mudharabah* savings, and *mudharabah* deposits, or other equivalent forms. According to Arthesa (2006) there are 3 types of direct funding sources from the society, they are: savings accounts (*saving deposits*), time deposits accounts (*time deposits*), and credit transfer/*giro* accounts (*demand deposits*). In addition, there are also other sources of funds that are indirect or in the form of bank funds deposited through the provision of bank services (*fee based income*). *Mudharabah* savings is a deposit which the withdrawal can only be carried out according to certain agreed conditions, but cannot be withdrawn by cheque, credit transfer (*giro*) and/or other equipment equivalent to it (Kristijadi and Laksana 2006). TPF obtained by the following formula:

Third party funds = credit transfer (*giro*) + *mudharabah* savings + *Mudharabah* deposits

3.6. Revenue Sharing Financing

Financing in general means spending, which is, money funding is spent to support planned investments, either carried out alone or run by others. In a narrow meaning, financing is used to define funding carried out by financial institutions, such as sharia banks to customers. In terminology of financing is active or passive funding carried out by financial institutions to customers. In this study uses a revenue sharing system that is the revenue sharing of *Mudharabah*. *Mudharabah*'s revenue sharing is a business cooperation agreement between two parties where the first party provides all capital. While other parties become managers. *Mudharabah* business profits are divided according to the agreement stated in the contract. Whereas if there is loss is borne by the owner of the capital as long as the loss is not due to the manager's negligence. If the loss is due to fraud or the manager's misconduct, the manager must be responsible for the loss. *Mudharabah* revenue sharing is recorded in the financial reports accessed through Otoritas Jasa Keuangan (OJK) 2016 (http://www.ojk.go.id).

Calculating Revenue Sharing Rights for Customers and Banks Yaya and Rizal (2009), state the proportion of income that will be divided by the results for each group of sources of funds by using the formula:

$$\textit{Mudharabah}\text{ savings} = \frac{\textit{Average balance of funding sources}}{\textit{Total amount of average balance funds}} \text{ X the amount of generated income}$$

Profitability

Profitability is the ability that a company has achieved in a certain period. In this study profitability uses the *Return on Asset* ratio. *Return on asset* is one of the profitability ratios which show the ability of bank management in managing available assets to obtain net income of *Return on Assets* ratio (provides information on how efficient the bank is in conducting its business activities, because the ratio indicates how much average profit can be obtained on each rupiah of its assets. *Return on Asset* is used to measure the ability of a bank's management to obtain overall profits and *Return on assets* used in this analysis due to Indonesian Bank as a banking supervisor prioritizes the value of a bank's profitability as measured by assets whose funds are mostly from the society (Dendawijaya 2003).

Therefore, the greater the *return on assets* is, then the greater the level of profit that the bank achieves and the better the position of the fund in terms of used assets. The formula to find *Return on assets* is:

$$\text{ROA} = \frac{\text{Profit before tax}}{\textit{Total Asset}} \text{ X } 100\%$$

III. RESULTS AND DISCUSSION

4.1. Descriptive statistics

Descriptive statistical analysis results for variable third party funds, revenue sharing financing and profitability during the period of 2013-2016 in the following table:

Table. 1 Descriptive statistics

	N	Mean	Std. Deviation	Information
Third part funds	40	2.6005	0.45883	Distributed well
Revenue Sharing	40	2.0238	0.53965	Distributed well
Profitability	40	0.9935	0.67095	Distributed well
Valid N (listwise)	40			

Source: Processed data, 2018

The average volume of third party funds, revenue sharing financing, and profitability during the period of 2013-2016 which is greater than the standard deviation shows that the smaller the deviations in the value of the average can be interpreted as being well distributed. Nevertheless on the contrary if the average volume of third party funds, profit sharing financing, and profitability during 2013-2016 is smaller than the standard deviation, then it shows that the greater the deviation of the value to the average, or it can be said to be not well distributed.

4.2. Assumption Test

There are 4 (four) steps in conducting a classic assumption test, they are:

Classic Assumption Test for Normality

Normality test is used to find out whether in a regression model, the independent variable and the dependent variable or both have normal distribution or not. A good model is to have a normal or nearly normal data distribution.

The results of this normality test use the Normal P-P Plot test. Based on the results of the data processing can be seen on the test chart below:

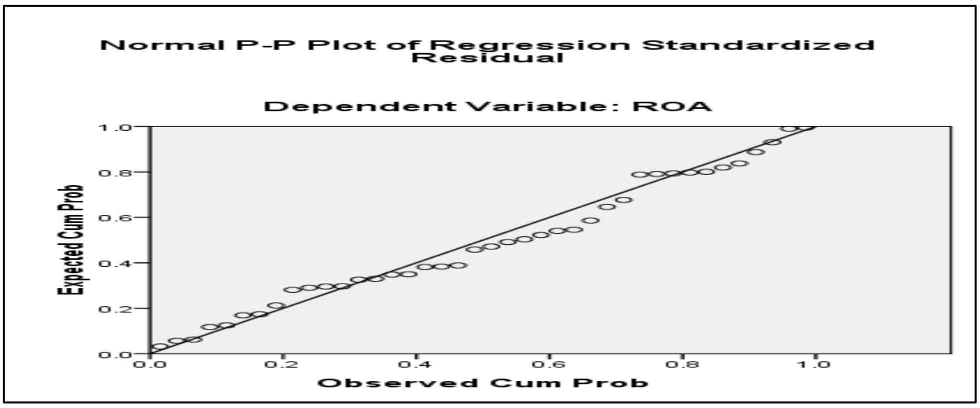


Fig.1. Normal P-P plot

Based on the chart above, it can be seen that the distribution of data approaches the diagonal line, so that it can be concluded that the data is normally distributed.

Classical Assumption Test for Multicollinearity

Multicollinearity testing aims to find out whether there is an overlap relationship between independent variables. To find out there are multicollinearity problems, it can be seen in the *tolerance* value and VIF. Regression guidelines that are free of multicollinearity has VIF values <10 and *Tolerance* <1. The results of the observation can be seen in the following table 2:

Table. 2 Multicollinearity Test

Coefficients			
Model	**Tolerance**	**VIF**	**Information**
Third party funds	.731	1.369	No Multicollinearity Problem Occurred
Revenue sharing	.731	1.369	No Multicollinearity Problem Occurred

Source: Processed data, 2018

Based on the Multicollinearity Test results above the tolerance calculation results show that there is no independent variable that has a tolerance value > 0,1 and no VIF <10, so it can be concluded that this regression model does not occur multicollinearity.

Heteroscedasticity Test

Heteroscedasticity test in this study uses graphical testing, which is *scatterplot* graphs. With the help of a computer, *scatterplot* can be presented as follows:

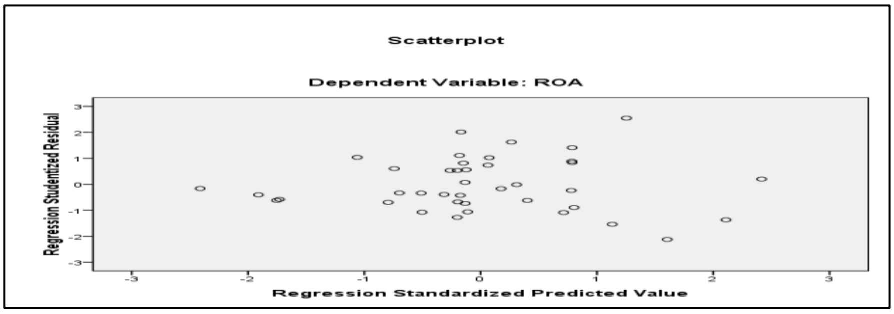


Fig.2. Heteroscedasticity test

The graph above shows that the graphs formed by *scatterplot of regression standardized predicted value* with *standardized residual* are around 0. In this test it can be concluded that there is no Heteroscedasticity symptom.

Autocorrelation Test

Statistical identification of the presence or absence of autocorrelation symptoms can be done by calculating the Durbin-Watson (dw) value. The autocorrelation test results with Durbin-Watson are shown in the table as follows:

Table. 3 Durbin-Watson Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.450*	.203	.160	.61500	2.025

Source: Processed data, 2018

Based on the table above, the test results obtained by the Durbin-Watson value is 1,812. The value was then compared with the value of du and 4-du. The value of du is taken from the table DW with N = 40 and k = 2 so that it can be du of 1,600, then a decision is made with the provisions of du < d ≤ 4 – du (1,600 < 2,025 ≤ 4 - 1,600). This means that there is no autocorrelation between independent variables so that the model is proper to use.

4.3. DISCUSSION

Influence of Third Party Funds on Revenue Sharing

Table.4 Results of the t test value

Coefficients			
	T	Sig.	Information
(Constant)	1.013	.317	Has positive influence
Third Party Funds	3.743	.001	Has positive influence

Source: Processed data, 2018

H_0 : means that the third party fund variable partially has no influence on the variable of revenue sharing financing

H_1 : means that the third party funds variable partially has an influence on the variable of revenue sharing financing variable

And in this analysis the t test is done on degrees of freedom (n-k-1) = 40 – 2 – 1 = 37, where n is the number of samples and k is the number of variables. And at 95% confidence level or α = 5%. Based on the results of the data exchange rate variable has, t-count is greater than t-table (3.743 > 1.6871) with a probability (0.001) smaller than the significance level of 0.05, thus Ho is rejected and H1 is accepted, which means third party funds partially has an influence on revenue sharing financing.

Influence of Revenue Sharing Financing on Profitability

Table. 5 The Result of t test value

Coefficients			
	T	Sig.	Information
(Constant)	.283	.779	Has positive influence
Revenue Sharing	3.000	.005	Has positive influence

Source: Processed data, 2018

H_0 : means that the revenue sharing financing variable partially has no influence on the profitability variable

H_1 : means that the variable revenue sharing financing partially has an influence on the profitability variable

And in this analysis the t test is done on degrees of freedom (n-k-1) = 40 – 2 – 1 = 37, where n is the number of samples and k is the number of variables. And at 95% confidence level or α = 5%. Based on the results of the data exchange rate variable has, t-count is greater than t-table (3,000> 1.6871) with a probability (0.005) smaller than the significance level of 0.05, thus Ho is rejected and H1 is accepted, which means revenue sharing financing partially has third party funds partially has an influence on profitability.

Influence of Third Party Funds on Profitability

Table.6 The Result of t test value

Coefficients			
	T	**Sig.**	**Information**
(Constant)	.368	.715	Has positive influence
Third Party Funds	2.072	.045	Has positive influence

Source: Processed data, 2018

H_0 : means that the third party fund variable partially has no influence on the profitability variable

H_1 : means that the third party funds variable partially has an influence on the profitability variable

And in this analysis the t test is done on degrees of freedom (n-k-1) = 40 – 2 – 1 = 37, where n is the number of samples and k is the number of variables. And at 95% confidence level or α = 5%. Based on the results of the data exchange rate variable has, t-count is greater than t-table (2.072 > 1.6871) with a probability (0,045) smaller than the significance level of 0.05, thus Ho is rejected and H1 is accepted, which means third party funds partially has an influence on profitability.

Path Analysis

Based on the results of model regression one and two, thus *Model Parameter Estimation* can be seen on the table 6 for hypothesis testing as follows

Table.7 The Results of Model Parameter Estimation

Model			
Sub Structural 1 (X_1 to Y)			
	Beta	Sig	R^2
X_1 (p Y,X_1)	.519	.001	. 269
Sub Structural 1 (X_1Y to Z)			
	Beta	Sig	R^2
X_1 (p Z,X_1)	.319	.045	. 102
Z (p Z,Y)	.438	.005	

Source: Processed data, 2018

From the table 6 above, *Model Parameter Estimation* for *Structural* one show that regression coefficient value of Third Party Funds on Revenue Sharing Financing is 0.519 with significance value of 0.001. Therefore, the Third Party Funds influence directly on the revenue sharing financing.

Model Parameter Estimation for *Structural* two shows that regression coefficient value of Revenue Sharing Financing on profitability is 0.438 with significance value of 0.005, then for the regression coefficient of third party funds on profitability is 0.319 with significance value of 0.045. Based on the regression results, it can be described the path analysis model for hypothesis as seen in the Figure 3 as follows:

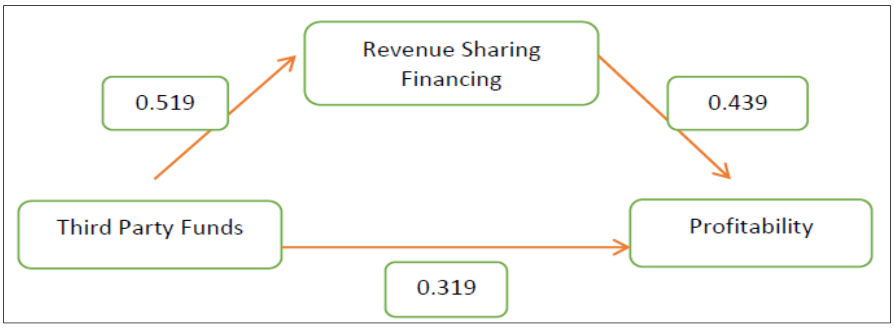


Fig. 3 Path Analysis

INFORMATION:

- **Direct Influence**

➢ The influence of Third Part Funds influence directly on the revenue sharing financing. Beta Coefficient X_1 ➔Y = 0,519.

➢ The influence of Third Party Funds variable on Profitability, Beta Coefficient Z ➔Y = 0,319.

➢ The influence of revenue sharing financing variable on profitability Beta Coefficient Z ➔Y = 0,438

- **Indirect Influence**
  The influence of Third Party Funds variable on Profitability through Revenue Sharing Financing as follows: third party funds ➔ revenue sharing financing ➔ Profitability = (0.519 x 0.439) = 0.227

- **Total Influence**

The influence of third party funds variable on *profitability* through revenue sharing financing as follows: third party funds ➔ revenue sharing financing ➔ Profitability = (0,319 + 0,227) = 0.546.

From the path analysis for hypothesis, it can be seen that there is a significant influence of third party funds directly on *profitability* and indirect influence of third party funds on *profitability*. Sharia through revenue sharing financing. Therefore it is necessary to do *sobel test* on the indirect influence between the third party funds on profitability through revenue sharing financing, so it can be known whether revenue sharing financing variable, significantly is able to mediate (*intervening*). Herewith the sobel test calculation by using *sobel test calculator* formula:

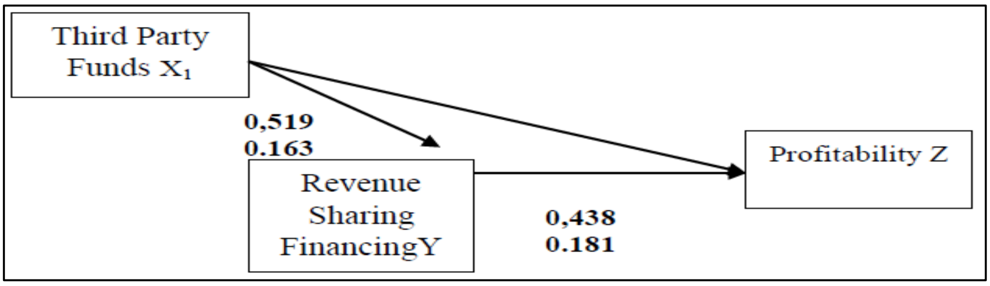


Fig. 4 H_4 *Sobel Test* Calculation

a = Coefficient of independent variable regression on mediation.
b = Coefficient of mediation variable regression on dependent
SEa = *Standard error of estimation* of independent variable influence on mediation variable
SEb = *Standard error of estimation* of mediation variable influence on dependent variable

$$r = \frac{ab}{\sqrt{b\ 2SEa\ 2 + \ + b\ 2SEb\ 2}}$$

Table. 8 Sobel Test Calculator Results

Sobel Test Calculator	
A	0,519
B	0,439
SEa	0.163
SEb	0.181
Sobel test statistic	**1.926.62098**

Source: Data in 2017 on Sobel Test Calculator (http://www.danielsoper.com).

From the calculation results above the Y value on the indirect effect between third party funds on profitability through revenue sharing financing is 1.926 Z value is 1.926 which is greater (>) than the value of t table 1.683 with a significance level of 0.05 so that it can be concluded that the revenue sharing financing is able mediate the influence of third party funds on profitability.

IV. CONCLUSION

- There is a significant positive influence between third party funds on revenue sharing financing in Indonesian Sharia Banks during the period of 2013-2016, this is indicated by the t-count value which is greater than t-table (3.743> 1.6871) with a probability (0.001) smaller than the significant level of 0.05

- There is a significant positive effect on revenue sharing financing on profitability in Indonesian Sharia Banks during the period of 2013-2016, this is indicated by the exchange rate has, t-count is greater than t-table (3,000 > 1.6871) with a probability (0.005) smaller than the significant level 0.05

- There is a significant positive influence of third party funds on profitability in Indonesian Sharia Banks during the period of 2013-2016, this is indicated by the t-count value greater than t-table (2.072 > 1.6871) with a probability (0.045) smaller than the significant level 0.05

- Third party funds have indirectly significant positive influence on *profitability* in Indonesian Sharia Banks during the period of 2013-2016, through profit revenue financing in Indonesian Sharia Banks during the period of 2013-2016 with the amount of 22.7%. From the results of the indirect influence calculation with sobel test the value of Z is 1.926 which is greater (>) than the value of t table 1.683 with a significance level of 0.05 thus it can be concluded that revenue sharing financing is able to mediate the influence of third party funds on profitability.

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