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Effect of Inflation and BI Rate on Murabahah Financing in PT. Bank Syariah Indonesia

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Abstract

This study uses a quantitative approach, the population of this study is all reports of murabahah financing in 2016-April 2021, the instrument used is documentation. The results of this study indicate that partially inflation has no significant effect on Murabahah Financing for the period 2016 to April 2021. The Tcount value of inflation is smaller than Ttable (-0.986 <2.017) and a significance value greater than a (0.05) indicates that inflation does not have a significant effect on Murabahah Financing in the period 2016 to April 2021, and the BI Rate does not have a significant effect on Murabahah Financing for the period 2016 to April 2021, this is proven by the Tcount value of inflation which is smaller than the Ttable value (1.734<2.017) and the significance value which is greater than a (0.05) i.e. (0.088>0.05) indicates that the BI Rate has no significant effect on Murabahah Financing in the 2016 – April 2021 period. Simultaneously or together, Inflation and the BI Rate have a significant positive effect. on Murabahah Financing for the period 2016 to April 2021. The magnitude of the influence of Inflation and the BI Rate is together with Murabahah Financing, the coefficient of determination (Adjusted R) is 0.88 or 88%, while the remaining 12% is explained by other variables not examined in this study.

Key Word : *Inflation, BI Rate, Murabahah*

INTRODUCTION

Murabaha financing at Indonesian Islamic banks is still experiencing ups and downs due to the Bi Rate Inflation which has increased every year, so that it also has an impact on the financing applied to Indonesian Islamic Banks.

The following is data on inflation movements from the 2016-2021 period (Dahlan, 2010):

Table 1. Inflation Data for 2016-2021

Year	Rate Year
2016	4,14%
2017	3,49%
2018	3,25%

2019	2,82%
2020	2,68%
2021	1,55%

Source: BI and BPS, processed in 2021

Table 1.1 shows the movement of inflation from 2016-2021. In 2016, the inflation rate reached 4.14%, experiencing a continuous decline until 2021 with a figure of 1.55%. The BI Rate also affects bank profitability. When the BI interest rate rises, it will be followed by an increase in deposit interest rates which have a direct impact on the decline in third party funding sources for Islamic banks. (Karim, 2013) This decrease in third party funds was a result of the transfer of public funds to conventional banks to obtain higher interest rates.

The following is the BI Rate movement data from the 2016-2021 period:

Table 1. BI Rate Data for 2016-2021

Yaer	BI Rate
2016	7,25%
2017	4,75%
2018	4,25%
2019	6,00%
2020	5,00%
2021	3,75%

Source: BI and BPS, processed in 2021

Table 1.2 Shows the movement of the BI Rate from 2016-2021. In 2016 the BI Rate reached 7.25%, in 2019 the BI Rate increased to 6.00%. In 2020, the BI Rate will again fall to 5.00%. And in 2021 with a figure of 3.75%.

It was concluded that inflation has different effects. As research conducted by Achmad Ath Thobbary (2009) which concluded that inflation is able to negatively affect stock price movements. This is different from Ditha Fitria Syari (2015) and Slamet Widodo (2011) who concluded that inflation does not affect stock movements.

Based on the background of the problem above, the formulation of the problem in this study is how is the effect of inflation on Murabahah financing at Indonesian Islamic Banks in 2016-2021, how is the influence of the BI Rate on Murabahah financing at Indonesian Islamic Banks in 2016-2021 and whether inflation and the BI Rate simultaneously significant effect on Murabaha financing?

RESEARCH METHODS

The research approach that will be used in this study is the associative method, because of the variables that will be examined for their relationship between variables. Associative research is research that aims to determine the relationship between two or more variables. In this study, a theory will be built that can function to explain, predict and control a symptom. (Idem, 2016)

In this study, the associative method is used to explain the effect of inflation and the BI Rate on Murabahah Financing for the 2016-2021 period. The sample from this study is part of the total population of Indonesian Islamic Bank (BSI) financial statements for the period 2016 to April 2021.

Research variables are constructs whose properties have been numbered (quantitative) or it can also be interpreted that variables are concepts that have various values.. (Supardi, 2005) Inflation (X1) and BI Rate (X2). The dependent variable (dependent variable) is a variable caused or influenced by the independent variable. The variable that is influenced in this study is the Murabahah (Y) of Indonesian Islamic Banks.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

To interpret the results of descriptive statistics from the Inlansi, BI Rate, and Murabahah can be seen from table 4.1 as follows:

Table 3.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
INFLANSI	6	1,55	4,49	3,3217	1,15747
BI RATE	6	3,75	7,25	5,1667	1,27148
MURABAHAH	6	43	172	105,17	41,768
Valid N (listwise)	6				

Based on the calculations from Table 4.1 above, it can be seen that n or the total amount of data on each variable, namely 6. The Murabaha variable has a minimum value of 43 and a maximum value of 172. From table 4.1 it can be seen that the standard deviation value is smaller than the mean. shows low variations, including maximum and minimum values during the observation period or in other words there is no big enough gap between the lowest and highest Murabahah.

In the table it can be seen that the BI Rate variable has a minimum value of 3.75 and a maximum value of 7.25 with a standard deviation greater than the mean which indicates a high variation between the maximum value and the minimum

value during the observation period or in other words there is a fairly large gap between BI Rate highest and lowest.

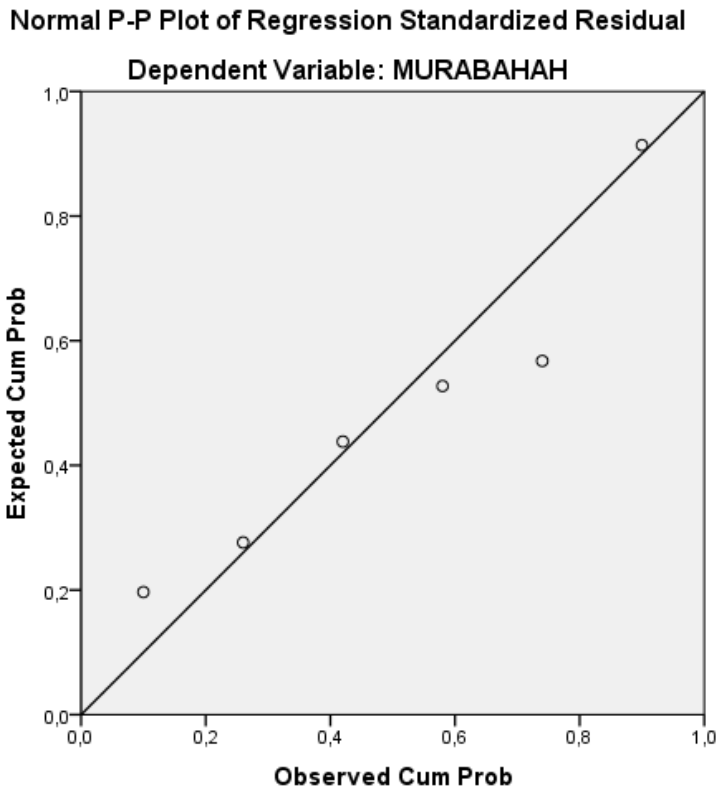
In the table it can be seen that the inflation variable has a minimum value of 1.55 and a maximum value of 4.49 with a standard deviation greater than the mean which indicates the low variation between the maximum value and the minimum value during the observation period or in other words there is a fairly large gap from inflation. lowest and highest.

Classical Assumption Test

a. Normality test

Normality test aims to determine whether the dependent variable, independent, or both have been normally distributed or not. A good regression model should be normally distributed or close to normal. detect whether the data is normally distributed or not can be known by describing the spread of the data through a graph. If the data spreads around the diagonal line and follows the direction of the diagonal line, the regression model meets the assumption of Normality.

Table 4.



In Figure 4.2 it can be seen that the actual points are around the normal line and follow the direction of the diagonal line. So it can be stated that the regression model in this study meets the assumption of normality.

b. Multicollinearity Test

The multicollinearity test aims to test the influence between independent variables. It is said that there is no multicollinearity if the correlation coefficient (VIF) between variables is less than or equal to < 10 and the Tolerance value is more than or equal to > 0.10.

Table 5

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	INFLANSI	,878	1,138
	BI RATE	,878	1,138

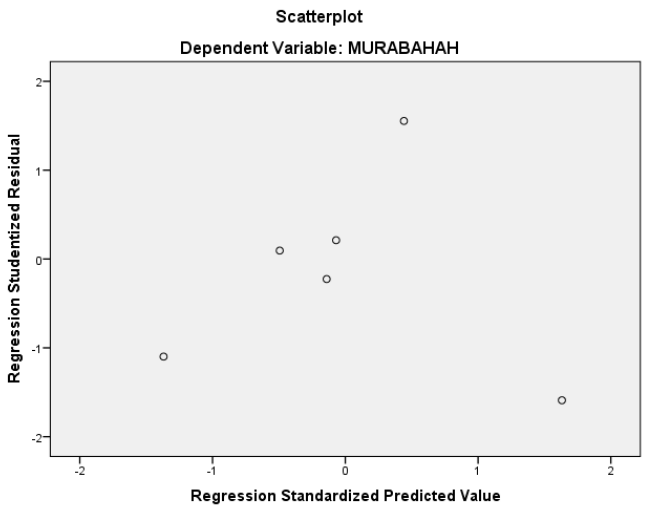
a. Dependent Variable: MURABAHAH

The VIF value for the inflation variable is 1.138. and the BI Rate variable VIF is 1.138. Looking at the results of VIF on the two research variables which are below the value of 10 (<10), and the Tolerance value of all variables is more than or equal to 0.10 (>0.10), it can be concluded that there are no symptoms of multicollinearity.

c. Heteroscedasticity Test

Heteroscedasticity test aims to test whether in a regression model there is unequal residual variance from one observation to another. A good regression modal is one that does not occur Heteroscedasticity.

Table 6.



Based on Figure 4.4, the research model does not have a heteroscedasticity disorder because there is no certain pattern on the graph. The points on the graph are relatively spread out either above the zero axis or below the zero axis.

d. Multiple Regression Test

This study analyzes the effect of inflation and the BI Rate on Murabahah financing for the period 2016 to April 2021. Based on the results of data processing using SPSS 16.0 For Windows, the following results are obtained:

Table 7.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	221,536	79,265		2,795	,068
	INFLANSI	-16,209	16,442	-,449	-,986	,397
	BI RATE	-12,102	14,968	-,368	-,809	,478

a. Dependent Variable: MURABAHAH

The multiple linear regression equation in this study uses a non-standard beta (unstrandardizet coefficient). This is because each variable has a unit and function to explain the magnitude of the regression coefficient of each independent variable in explaining the dependent variable, with the regression formula:

Yt = 221,536 + -16,209 X1t + -12,102 X2t + e

Interpretation, as follows:

a. If the value of the inflation variable and the BI Rate is considered constant = 0 (no increase or decrease), then the value of Murabahah is 221.536.
b. The value of the inflation coefficient for the X1 variable is -16,209 and this negative sign indicates that inflation has the opposite effect on Murabahah financing. This means that for every one unit increase in inflation, the Y variable (Murabahah Financing) will decrease by -16,209 with the assumption that the other independent variables of the regression model are fixed.
c. The BI Rate coefficient value for the X2 variable is -12.102 and has a negative sign, indicating that the BI rate has the opposite effect on Murabahah Financing. This means that for every one unit increase in the BI Rate, the Y variable (Murabahah Financing) will decrease by -12,102 with the assumption that the other independent variables of the regression model are fixed.

Hypothesis Testing

1. Partial Test

Table 8. Test T

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	221,536	79,265		2,795	,068
	INFLANSI	-16,209	16,442	-,449	-,986	,397
	BI RATE	-12,102	14,968	-,368	-,809	,478

a. Dependent Variable: MURABAHAH

Based on table 4.5, it is known that the significance value of the inflation variable is 0.397> 0.05 and tcount in the T test results table coefficients is -0.986, then ttable is searched for in the statistical table at significance 0.05/2 = 0.025 (2-sided test) with df = n-k -1 or 50-2-1 = 47 (k is the number of independent variables). Then obtained ttable is 2.012. So it is known that tcount < t table (-0.987 < 2.012), meaning that the H1 hypothesis is rejected. Which means that inflation has no significant effect on Murabahah financing of BSI KCP Palu Tadulako

Based on table 4.5, it is known that the significance value of the inflation variable is 0.478> 0.05 and tcount in the T test results table coefficients is -0.809, then ttable is searched for in the statistical table at significance 0.05/2 = 0.025 (2-sided test) with df = n-k -1 or 50-2-1 = 47 (k is the number of independent variables). Then obtained ttable is 2.012. So it is known that tcount < t table (-0.809 < 2.012), meaning that the H2 hypothesis is rejected. Which means that the BI Rate has no significant effect on Murabahah financing of BSI KCP Palu Tadulako.

2. Simultaneous Test

Table 9. Test F

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3950,557	2	1975,279	1,242	,405[b]
	Residual	4772,276	3	1590,759		
	Total	8722,833	5			

a. Dependent Variable: MURABAHAH

b. Predictors: (Constant), BI RATE, INFLANSI

Based on table 4.6, it is known that the significance value is 0.405 <0.05 and the Fcount in the F test results table is 1.242. then Ftable is searched in the

statistical table with a significance of 0.05 df = k-1 (3 – 1= 2) and df2 = n-k (50 - 2 = 48), t: (k is the number of all variables) then obtained Ftable of 3.191, So it is known that Fcount> t table (1,242 < 3.191), meaning that it can be concluded that H0 is accepted H3 is rejected, which means that inflation and the BI Rate have no significant effect on Murabahah financing of BSI KCP Palu Tadulako.

3. Coefficient of Determination Test

The coefficient of determination test was conducted to find out how much the independent variable's ability to explain the dependent variable was. The coefficient of determination can be seen in the Model Summary table. For multiple linear regression, Adjusted R Square is used because the number of independent variables used in this study is more than two independent variables.

Table 10. R- Square

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,673[a]	,453	,088	39,884

a. Predictors: (Constant), BI RATE, INFLANSI

b. Dependent Variable: MURABAHAH

From table 4.7 the coefficient of determination shows that the dependent variable in this study is Murabahah Financing, while the independent variables are Inlansi and BI Rate. The magnitude of the influence of inflation and the BI Rate simultaneously on Murabahah financing is shown by the Adjusted Coefficient, the calculation results show that the R Square value is 0.453 or 45.3% while the remaining 54.7% is explained by other variables not examined in this study.

Discussion of Research Results

Inflation on Murabaha Financing for the period 2016 – April 2021

Inflation is closely related to the decline in purchasing power, both within the scope of individuals and companies. In some definitions, inflation is a continuous increase in the price of goods and services in general. The price of a commodity or goods can be said to increase if it becomes higher than the price in the previous period. The long-term goal of the Indonesian government is to keep the prevailing inflation rate at a very low level.

The main disturbance to inflation is a change in the overall demand for goods and services by users in the economy. Changes in investment, government spending, or exports that can change aggregate demand and lead to greater output. In the investment world, inflation is very influential, it can be seen from every increase or decrease in the inflation rate, it will affect the monetary

authority in making policies which will ultimately affect investors in placing their investment funds.

The increase in inflation is able to increase production costs higher than the increase in the price of raw materials than the increase in prices that can be set by the company. This is able to reduce the company's profitability with the assumption that sales will even decline and increase the risk of investing. Where the decline in the company's profitability is bad news for the company because investors consider that investing in the capital market is not an attractive thing and has a higher risk. Declining investor interest in investing can lead to a decrease in the company's stock price and can reduce the stock index. Meanwhile, when inflation falls or is low, it can increase profitability where production costs are reduced because raw material prices are cheap and sales prices are fixed. The increase in the company's profitability will result in an increase in the company's stock price because many investors want to invest in the company and this will result in an increase in the stock index.

In several previous studies, it was concluded that inflation has different effects. As research conducted by Achmad Ath Thobbary (2009) which concluded that inflation is able to negatively affect stock price movements. This is different from Ditha Fitria Syari (2015) and Slamet Widodo (2011) who concluded that inflation does not affect stock movements.

In line with the research of Ditha Fitria Syari and Slamet Widodo. In this study, based on a partial test (T test), the Unstandardized Coefficient Inlation value was -16,209 with a significance of -0.397 and Tcount -0.986 and Ttable 2.017. Inflation Tcount value which is smaller than Ttable value (-0.986 < 2.017) and a significance value greater than a (0.05), namely (0.986 > 0.05) indicates that inflation does not have a significant effect on Murabahah Financing in the 2016 period. until April 2021. So the second hypothesis (H1) that was proposed was rejected.

BI Rate on murabahah financing for the period 2016 – April 2021

The BI Rate is a policy interest rate that reflects the monetary policy stance or stance set by Bank Indonesia and announced to the public. The BI Rate is announced by the Board of Governors of Bank Indonesia at every monthly Board of Governors Meeting and implemented in monetary operations carried out by Bank Indonesia through liquidity management in the money market to achieve monetary policy operational targets. In general, Bank Indonesia will increase the BI Rate if future inflation is estimated to exceed the predetermined target, on the other hand, Bank Indonesia will lower the BI Rate if future inflation is estimated to be below the predetermined target.

The theory says, stocks are influenced by the macroeconomic activity of a country. BI Rate which is part of the monetary instrument of Bank Indonesia as the Central Bank in controlling the rate of inflation in Indonesia. The BI Rate is a measure of the cost of capital that must be incurred by business actors or a company to use funds from investors, rising interest rates that are too high will affect the company's cash flow, so that existing investment opportunities will no longer be attractive. This means that an increase in the BI Rate will have a negative impact on the up and down movement of Murabahah financing.

based on partial testing, it shows that the BI Rate has no significant effect on Murabahah Financing in the 2016 – April 2021 period so that the first hypothesis (H1) proposed is rejected.

Inflation and BI Rate on Murabahah Financing 2016–April 2021

Inflation and the BI Rate, can have a positive or negative relationship to murabahah financing. The assumption is that the inflation rate and BI Rate can have a positive or negative effect depending on the level of inflation and the BI Rate. Rising inflation will certainly increase the BI Rate.

Excessive inflation can have a negative impact on the economy as a whole, including the condition of murabahah financing. High inflation causes a decrease in customer interest when using murabahah financing so that this can certainly have a bad impact on Bank Syariah Indonesia if the bank's profitability is low, it will certainly plunge the level of dividends that will be received by customers. High inflation makes customers tend to save and invest in other sectors to do other financing. Bank Indonesia will take a policy of increasing inflation and the BI Rate with the aim that customers are willing to save and deposit their money to reduce excessive inflation.

By analyzing the results of the F (simultaneous) test of 1.242 with a significant level of 0.405. The significance value is below 0.05 which indicates that the independent variables simultaneously have a significant effect on Murabahah Financing at a significance of 5%. To find out how much the independent variable's ability to explain the dependent variable can be seen based on the Coefficient of Determination Test in the Model Summary table.

The magnitude of the influence of Inflation and the BI Rate together on Murabahah Financing is shown by the Coefficient of Determination (Adjusted R) of 0.88 or 88% while the remaining 12% is explained by other variables not examined in this study.

CONCLUSION

Based on the results of the Research on the Effect of BI Rate Inflation on Murabahah Financing at Indonesian Islamic Banks from 2016 to April 2021, using multiple linear regression, the following conclusions can be drawn. The BI Rate is a measure of the cost of capital that must be incurred by business actors or a company to use funds from investors, rising interest rates that are too high will affect the company's cash flow, so that existing investment opportunities will no longer be attractive. This means that an increase in the BI Rate will have a negative impact on the up and down movement of Murabahah financing. Based on partial testing, it shows that the BI Rate has no significant effect on Murabahah Financing in the 2016 – April 2021 period so that the first hypothesis (H1) proposed is rejected. Partially or individually the variables X1 and X2 have no effect on Murabahah financing but when simultaneously or together X1 and X2 have a positive influence on Murabahah financing.

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