

# Analysis of Macroeconomic Factors and Financial Performance on the Phenomenon of Sharia Bank Market Share Stagnancy

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## ABSTRACT

The Sharia banking market share is still stuck at the level of 7% of total national banking assets until the February 2024 period. Several strategic policies have been implemented by both regulators and Sharia banking players, but this has not yet increased the Sharia banking market share. Several other relevant studies inform that internal factors in the form of financial performance and macroeconomic conditions are one of the causes of the stagnant increase in the market share of sharia banking in Indonesia, so it is necessary to re-examine/analyze these factors. Furthermore, this research aims to analyze the influence of macroeconomic conditions as proxied by the inflation rate and BI rate as well as the financial performance of Sharia banks as proxied by the CAR and FDR ratios on the Market Share of Sharia Banks in Indonesia. The sample in this study was a total of sharia commercial banks and sharia business units with data regression analysis using the help of the Eviews version 12 program. The results of this research show that simultaneously the independent variables (inflation, BI rate, CAR and FDR) in this research have a significant influence on Market Share with a significance level of 5%. Overall, the results obtained show that the variables inflation, BI rate, CAR and FDR influence the Sharia banking Market Share with a significance level of 5%. Partially, inflation and FDR have no effect on the market share of sharia banking, but the BI rate and CAR have a significant effect on sharia banking in Indonesia

**Keywords:** inflation, BI rate, CAR and FDR, market share

## INTRODUCTION

Sharia banking has now become an important part of the national economy by providing product and service solutions based on Sharia principles. The Indonesian sharia banking and sharia financial industry has enormous potential based on the 2022 Islamic Finance Development Report with total assets that are in 7th position globally, supported by the largest Muslim population in the world which reaches around 237.56 million people. or 86.7% of the total population of Indonesia.<sup>1</sup>OJK as the sharia banking regulator has also published the Indonesian Sharia Banking Development Roadmap (RP2SI) 2020-2025. As a guide in penetrating and answering business issues in national industry. One of the indicators for assessing the development of sharia banking is measuring the market share of sharia banking through the ratio of total sharia banking assets to total national banking assets.<sup>2</sup>

Even though Sharia banking has experienced significant growth, this is not as fast as national banking, which based on size and business segment has also experienced a significant increase. As of August 2023, sharia banking has total assets of IDR 817.6 trillion with growth of 9.79% YoY and a market share of 7.26%.

<sup>1</sup>Icd – Refinitiv Islamic Finance Development Report 2022: Embracing Change

<sup>2</sup>Wachyu Prabo Asmoro, "Analysis of Factors Affecting the Market Share of Indonesian Sharia Banks." (Thesis: Syarif Hidayatullah State Islamic University, 2018)

This growth was supported by an increase in third party funds of 6.91% YoY and an increase in disbursed financing of 11.77% YoY<sup>3</sup>. Until now, the Sharia banking market share has remained at the level of 7% for the last 5 years. Transformation efforts to increase the market share of sharia banking by regulators and related stakeholders, but the results have not yet had a real impact on increasing the market share of sharia banking in Indonesia, this is one of the motivations for conducting this research.

Several other relevant studies inform us that macroeconomic conditions and internal factors in the form of financial performance are one of the causes of the stagnant increase in the market share of sharia banking in Indonesia. Macroeconomic indicators have both direct and indirect impacts, especially on the intermediation function of Indonesian sharia banks, both as fund collectors and fund distributors, one of which is the inflation variable and Indonesian bank interest rates which influence and impact the operationalization of sharia banking in Indonesia. Meanwhile, in internal Islamic banking financial data, the CAR and FDR variables are one of the proxies that need to be known regarding their influence on the growth rate of total assets, profitability and especially the influence on the market share of Islamic banking.

Research on macroeconomic factors on market share has been studied previously, especially on inflation and the BI Rate. One of the inflation factors, according to Khairul et al (2020), has a positive influence on the market share of sharia banking in Indonesia, because sharia banks offer products that are better at managing inflation risk,<sup>4</sup> while research conducted by Diamantin (2016) stated that inflation had no effect on the market share of Islamic banks. For the BI rate factor, Kurniawan Edwin (2022) explains that if the BI7DRR variable or Bank Indonesia Interest rate has a significant positive effect on the Market Share of sharia banking in Indonesia<sup>5</sup>, while the opposite research results were presented by Ayif Fathurrahman and Ade Maya Asriyanti (2022) that the BI rate has no influence on the Indonesian banking market share.<sup>6</sup>

Furthermore, research regarding internal factors on market share has also been widely reviewed, one of the factors that dominates is CAR and FDR. According to Saputra (2014), CAR and FDR have a significant positive influence on the market share of sharia banking in Indonesia<sup>7</sup>, while the opposite result was presented by Ningrum (2017), that CAR and FDR were significantly negative on the Indonesian banking market share<sup>8</sup>.

Based on the findings from several previous studies, there are inconsistencies and differences in the research results described. So in this research we will review the influence of factors: Inflation, BI rate, CAR and FDR on the Sharia banking market share with the hope that the research results will confirm and strengthen existing theories based on data taken in a monthly time series from April 2016 to December 2023.

### Identification of problems

One indicator of sharia banking performance can be seen through the amount of market control of the bank. This can be seen through the achievement of sharia commercial bank assets by comparing the total assets of other sharia commercial banks to the total assets of banks nationally. Macroeconomically, the factors that have a relative influence on banking are inflation and Bank Indonesia interest rates which will of course have an influence on bank business. Meanwhile, from the internal side, of course it cannot be separated from the aspect of capital required, and can be seen from the trend of financing disbursed from third party funds that

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<sup>3</sup>Press Release No: Sp 166 /Gkpb/Ojk/Xi/2023. Encouraging the Potential for Sharia Banking Development "Ojk Mengajar" at Uin Syarif Hidayatullah

<sup>4</sup>Muh. Khairul Fatihin<sup>1</sup>, Eko Siswahto<sup>2</sup>, Sulistya Rusgianto<sup>3</sup>, and Nizar Hosfaiqoni. Hadi<sup>4</sup>. 2020. The Impact of Macroeconomics and Financial Performance on the Market Share of Sharia Banking in Indonesia Economic Journal/Volume xxv, No. 01 March 2020: 51-65 Doi: [Http://Dx.Doi.Org/10.24912/Je.V25i1.626](http://Dx.Doi.Org/10.24912/Je.V25i1.626)

<sup>5</sup>Kurniawan, Erdin (2022) The Influence of Bi7drr, Inflation and Profit Sharing on the Market Share of Sharia Banking in Indonesia (Case Study of Sharia Commercial Banks 2017-2021).

<sup>6</sup>Ayif Fathurrahman, Ade Maya Asriyanti. 2019. Determinants of Sharia Banking Market Share in Indonesia (Error Correction Model Approach) Masharif Al Syariah Journal: Journal of Sharia Economics and Banking Issn: 2527 6344 (Print Ed)), Issn: 2580 5800 (Online)

<sup>7</sup>Bambang Saputra. 2014. Financial Factors That Influence Sharia Banking Market Share in Indonesia. Accountability. Vol. VII No. 2, August 2014

<sup>8</sup>Laili Mufidati Ningrum. 2017. Factors that Influence the Market Share of Sharia Commercial Banks for the 2012 – 2016 Period. Thesis

have been successfully collected (FDR). Of these four factors, it is important to carry out further research to determine their correlation with the Sharia banking market share.

### **Research purposes**

Based on the background and problem formulation above, the objectives of this research include:

1. Analyzing the effect of inflation on the market share of Sharia banks in Indonesia.
2. Analyzing the influence of the BI Rate on the Market share of Sharia banks in Indonesia
3. Analyzing the influence of CAR on the market share of Sharia banks in Indonesia
4. Analyzing the influence of FDR on the market share of Sharia banks in Indonesia

### **Research Limitations**

This research is limited to independent variables, namely macroeconomic variables which are proxied by inflation and Bank Indonesia interest rates, as well as internal factors of sharia banks which include CAR and FDR in sharia banks (BUS and UUS) with the dependent variable namely market share of sharia banks using monthly data. in the period April 2016 to December 2023.

### **Theoretical framework**

#### **Inflation of the sharia banking market share**

According to Rahardja and Manurung (2008), inflation is a general and continuous increase in the prices of goods.<sup>9</sup> Inflation has several negative impacts on individuals and society, namely reducing the level of social welfare. Inflation causes people's purchasing power, so this is inversely proportional to people's efforts to invest or even make savings in banking products. Significantly, inflation also has a real impact on economic actors who have to increase the burden of labor and operational costs which, microeconomically, will increase prices in general.

#### **Indonesian bank interest rates on sharia banking market share**

According to Fatihin et al (2018), the BI interest rate is an indicator that determines the interest costs issued by Bank Indonesia. When interest rates are high, the interest costs issued by Islamic banking will be higher. This will reduce the value of sharia banking assets, thereby reducing the market share of sharia banking. Sharia banking market share is a measure of the public's success and trust in sharia banking. By increasing the market share of sharia banking, the contribution of sharia banking will be greater in the economy. Market share research is still limited, and the role of sharia banking market share in advancing sharia finance in Indonesia is very vital.<sup>10</sup>

#### **CAR on sharia banking market share**

As a capital indicator, CAR influences risk levels and can improve bank performance and efficiency. Banks with higher CARs will be better able to face the risk of losses and can maintain financial system stability. Research in Indonesia shows that CAR has a significant influence on the market share of sharia banking, so that banks with higher CAR can accumulate better assets.<sup>11</sup>

#### **FDR (Financing to Deposit Ratio) on sharia banking market share**

FDR is a financial indicator that shows a bank's ability to manage funds from the people and maintain bank performance. Research conducted by Saputra (2014) shows that FDR has a significant positive influence on

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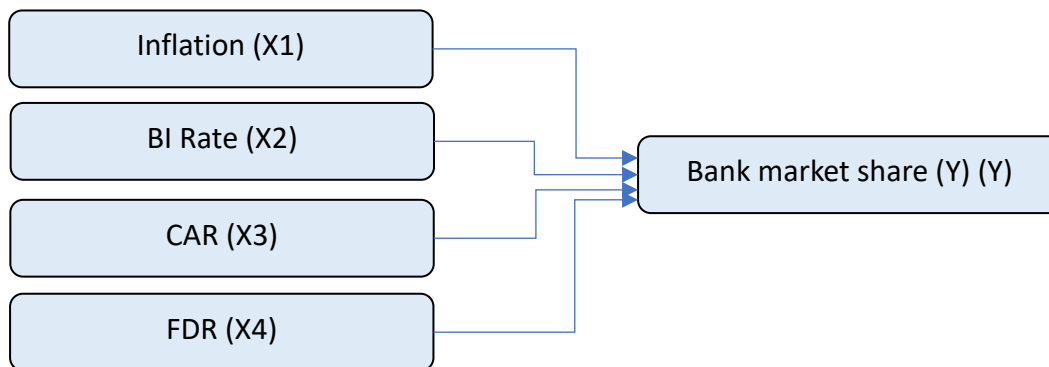
<sup>9</sup>Prathama Rahardja and Mandala Manurung, Introduction to Economics: Microeconomics & Macroeconomics, Cet Iii (Jakarta: Lpfe-Ui, 2008), Pg. 359.

<sup>10</sup>Fatihin, Siswahto, Rusgianto, Hadi Macroeconomic Impact and Financial Performance Regarding Sharia Banking Market Share in Indonesia Economic Journal/Volume xxv, No. 01 March 2020: 51-65 Doi: [Http://Dx.Doi.Org/10.24912/Je.V25i1.626](http://dx.doi.org/10.24912/Je.V25i1.626)

<sup>11</sup>Yunus Harjito, Dian Budi Utami, Dian Indriana Hapsari. 2017. Market Share Analysis of Sharia Banking in Indonesia. XX National Accounting Symposium, Jember, 2017

the market share of sharia banking in Indonesia.<sup>12</sup>This is because FDR shows the bank's ability to manage funds from the people well, which will affect bank performance and efficiency, which will then affect the market share of sharia banking.<sup>13</sup>

For this research, we use the framework of thought presented in the following picture:



**Figure 1. Research framework chart**

### Hypothesis Development

A hypothesis is a temporary statement or conjecture regarding a research problem that must be proven true because it is still weak and must be tested empirically (Bungin, 2005: 89). Based on previous research, the hypothesis used in this research is:

1. Ho1: there is no influence of inflation (INF) on the market share (MS) of sharia banking for the period April 2016 – December 2023.  
Ha1: There is an influence of Inflation (INF) on the Market Share (MS) of sharia banking for the period April 2016 – Dec 2023.
2. Ho1: there is no influence of the BI rate (BIR) on the market share (MS) of sharia banking for the period April 2016 – Dec 2023.  
Ha1: There is an influence of the BI rate (BIR) inflation on the market share (MS) of sharia banking for the period April 2016 – Dec 2023.
3. Ho1: there is no influence of the Capital Adequacy Ratio (CAR) on the Market Share (MS) of sharia banking for the period April 2016 – Dec 2023.  
Ha1: There is an influence of the Capital Adequacy Ratio (CAR) on the Market Share (MS) of sharia banking for the period April 2016 – Dec 2023.
4. Ho1: there is no influence of the Financing to Deposit Ratio (FDR) on the Market Share (MS) of sharia banking for the period April 2016 – Dec 2023.  
Ha1: There is an influence of the Financing to Deposit Ratio on the Market Share (MS) of sharia banking for the period April 2016 – Dec 2023.

### RESEARCH METHOD

This research is included in the type of quantitative research with the data used is time series data. In this research, secondary data includes sharia bank financial reports contained in the sharia banking statistics report (for sharia banking performance data) as well as BI 7 day repo data on the BI website, as well as inflation data taken from Central Statistics Agency data.

<sup>12</sup>Saputra, B. (2014). Financial Factors That Influence Sharia Banking Market Share in Indonesia. *Accountability*, 7(2), 123-131.

<sup>13</sup>Zakia Midania 1), Renil Septiano *Jurnal Pundi*, 2023. Analysis of Financial Factors That Influence the Market Share of Sharia Banking in Indonesia. *vol. 07, No. 01, May 2023*

The sampling technique used in this research was Purposive/Judgmental Sampling. The sampling criteria to be studied are:

- a) All Sharia Commercial Banks (BUS) are registered with the Financial Services Authority (OJK) and Bank Indonesia (BI) based on the year the Sharia Commercial Bank was founded.
- b) The BUS publishes quarterly financial reports and annual financial reports since its operation until now and has been published both on the official website of each BUS and on the website of the Financial Services Authority or Bank Indonesia.
- c) The BUS displays information or data needed for research

## Analysis Method

### 1. Descriptive Statistical Test

The first step in analyzing data starts from descriptive statistical analysis. Ghozali (2016) explains that descriptive statistical analysis will provide an overview or description of data related to the average value (mean), standard deviation, variance, maximum, minimum, sum, range, kurtosis, and skewness (distribution skewness).<sup>14</sup>

### 2. Classic assumption test

When using regression analysis, in order to show a valid or unbiased relationship, it is necessary to test classical assumptions in the regression model used. The basic assumptions that must be met include:

#### a. Normality test

For the application of OLS to classical linear regression, it is assumed that the probability distribution of the disturbance  $u_1$  has an expected mean value equal to zero, is uncorrelated and has a constant variance. With this assumption, the OLS estimator will fulfill the desired statistical properties such as being unbiased and having minimum variance.

There are several tests to determine whether the  $u_2$  interference factor is normal or not, including the Jargue-Bera test or JB test. This test uses residual estimation results and chi-square probability distribution. The steps to get the calculated JB value are as follows:

1. Calculate Skewness and Kurtosis → to calculate J – B count
2. Calculate the value of the JB statistic

With the formula:

$$JB = n \left[ \frac{S^2}{6} + \frac{(K - 3)^2}{24} \right]$$

Where:  $n$  = Number of observations

$S$  = Skewness (stunner)

$K$  = Kurtosis (tapered)

3. Comparing the calculated JB value with  $X^2$  – table, with the rules:

If the calculated JB value  $>$   $X^2$  table value, then the hypothesis which states that the residual  $u_1$  is normally distributed can be rejected.

If the calculated JB value  $<$   $X^2$  - table value, then the statement that the residual  $u_1$  has a normal distribution cannot be rejected.

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<sup>14</sup>Ghozali, I. (2016). *Multivariate Analysis Applications Using the IBM SPSS 23 Program (8th Edition)* VIII Printing. Semarang: Diponegoro University Publishing Agency.

### b. Multicollinearity Test

Multicollinearity was first proposed by Frish in his book "Statistical Confluence Analysis By Means Of Complete Regression System". Frish said that multicollinearity is the existence of more than one perfect linear relationship. (Suharyadi and Purwanto, 2004).<sup>15</sup>

The multicollinearity test in regression analysis aims to assess whether there is a substantial correlation between the independent variables in the model. The desired regression model should not contain strong correlations between independent variables, because the presence of multicollinearity can interfere with estimation accuracy (Sihabudin, et al., 2021).<sup>16</sup> The impact of multicollinearity includes the problem of invalidating the significance of variables and coefficients, including constants (Basuki, 2016)<sup>17</sup>. Further determination based on this test is explained as follows (Sihabudin, et al., 2021):<sup>18</sup>

1. If the correlation coefficient between independent variables has a value  $\geq 0.8$ , it can be concluded that multicollinearity occurs.
2. If the tolerance value is  $> 0.10$ , it can be concluded that there is no multicollinearity in the data tested. On the other hand, if the tolerance value is  $< 0.10$ , it can be concluded that there is multicollinearity in the data being tested.
3. If the VIF (variant inflation factor) value is  $\leq 10.00$ , then multicollinearity does not occur, whereas if the VIF value is  $> 10.00$ , it can be said that multicollinearity occurs in the data being tested.

### c. Autocorrelation Test

The term autocorrelation, according to Kendall and Buckland (1907-1983), is a condition between members of an observation that are arranged according to time sequence (Suharyadi and Purwanto, 2004).

A good regression equation is one that does not have autocorrelation problems. If autocorrelation occurs then the equation is not good or not suitable for prediction. One way to determine whether there is an autocorrelation problem is with the Durbin-Watson (DW) test, with the following conditions (Suyono, 2011):

1. Positive autocorrelation occurs if the DW value is below -2 ( $DW < -2$ )
2. There is no autocorrelation if the DW value is between -2 and +2 or  $-2 \leq DW \leq +2$
3. Negative autocorrelation occurs if the DW value is above +2 or  $DW > +2$

### d. Heteroscedasticity Test

One of the important assumptions in regression analysis is random disturbance variation ( $\mu$ ) on each independent variable is homoscedasticity. This assumption can be written as follows:

$$E(\mu_{i2}) = \delta^2 \quad I = 1, 2, \dots, n$$

This inequality is called heteroscedasticity. This is due to several things, namely:

#### 1. Error Learning Model

The error factor becomes smaller as time increases. In this case it is expected  $\delta^2$  decrease.

#### 2. Improvements in Data Collection

As the quality of data collection techniques improves, then  $\delta^2$  expected to decrease. So a bank that has sophisticated data processing equipment is likely to make fewer errors in monthly or quarterly reports than a bank without such facilities.

#### 3. Model specification error

One of the assumptions in regression analysis is that the model is specified correctly. If one variable should be included, but for some reason that variable is not included, this will cause the residuals from the regression to give different results and the error variance will not be constant.

The basis for decision making in this test is as follows:

<sup>15</sup>Suharyadi & Purwanto. (2004). Research Methodology. Jakarta: Gramedia Pustaka Utama.

<sup>16</sup>Sihabudin, Wibowo, D., Mulyono, S., Kusuma, JK, Arofah, I., Ningsi, BA, . . . Shahrudin. (2021). Basic Econometrics Theory and Practice Based on SPSS. Purwokerto: CV. Persada Pen.

<sup>17</sup>Basuki, AT (2016). Introduction to Econometrics (Completed with the Use of Eviews). Yogyakarta: Danisa Media.

<sup>18</sup>Sihabudin, Wibowo, D., Mulyono, S., Kusuma, JK, Arofah, I., Ningsi, BA, . . . Shahrudin. (2021). Basic Econometrics Theory and Practice Based on SPSS. Purwokerto: CV. Persada Pen.

1. If the calculated t value is smaller than the t table and the significance value is greater than 0.05 then heteroscedasticity does not occur
2. If the calculated t value is greater than the table and the significance value is smaller than 0.05 then heteroscedasticity occurs.

### 3. Multiple Linear Regression Test

If the measurement of the influence between variables involves more than one independent variable ( $X_1, \dots$ ).

To determine the effect of the dependent variable on the independent variable, a multiple regression model is used with the following equation:

Multiple regression analysis is used to determine the accuracy of the relationship between the dependent variable and the influencing variables (independent variables) with the equation:

$$Y = f(X_1, X_2, X_3, X_4)$$

$$Y = f(\text{INF}, \text{BEER}, \text{CAR}, \text{FDR})$$

$$\text{Market share} = f(\text{INF}, \text{BIR}, \text{CAR}, \text{FDR})$$

$$\text{Market share} = \beta_0 + \beta_1 \cdot X_1 + \beta_2 \cdot X_2 + \beta_3 \cdot X_3 + \beta_4 \cdot X_4 + \varepsilon$$

$$\text{Market share} = \beta_0 + \beta_1 \cdot \text{INF} + \beta_2 \cdot \text{BIR} + \beta_3 \cdot \text{CAR} + \beta_4 \cdot \text{FDR} + \varepsilon$$

If:

Y = Dependent Variable (Market share)

$\alpha$  = Constant

$b(1,2,3,4)$  = Regression coefficient of each variable

$X_1$  = INF

$X_2$  = BEER

$X_3$  = CAR

$X_4$  = FDR

$\varepsilon$  = Term error

### 4. Hypothesis testing

#### a. Determination Coefficient Test (Adjusted R Square)

The coefficient of determination ( $R^2$ ) is the ability of the independent variable to explain the dependent variable. The coefficient of determination shows a proportion of the variance that can be explained by the regression equation (Regression of Sum Square, RSS) to the total variance (Total Of Sum Square, TSS). The coefficient of determination is formulated as follows:

$$R^2 = \frac{RSS}{TSS}$$

The  $R^2$  value will range from 0 to 1. If the  $R^2$  value = 1, it indicates that 100% of the total variation is explained by the variance of the regression equation, or the independent variables, both  $X_1$  and  $X_2$ , are able to explain variable Y by 100% (Suharyadi and Purwanto, 2004).<sup>19</sup>

#### b. Simultaneous Hypothesis Testing (F Test)

The F test was carried out to see the significance of the results of the regression model. If the significance level is smaller than 5% ( $\alpha : 5\% = 0.05$ ) then this indicates that  $H_0$  is rejected and  $H_a$  is accepted, which means that the independent variable has a significant influence on the dependent variable simultaneously.

#### c. Partial Hypothesis Test (t Test)

The t test is used to analyze the influence of the independent variable on the dependent variable partially, assuming the other variables are constant or is used to determine whether or not there is a significant influence between variable X and variable Y. If the significant value of  $t < \alpha$  ( $\alpha : 5\% = 0.05$ ) then  $H_0$  is rejected and  $H_a$  is accepted, which means there is a partially significant influence of the independent variable on the dependent variable.

<sup>19</sup>Suharyadi & Purwanto. (2004). Research Methodology. Jakarta: Gramedia Pustaka Utama.

**RESULTS AND DISCUSSION**

**Results Analysis**

**Statistic analysis**

**Descriptive statistics**

Based on the results of data processing using eviews 9, the results of descriptive statistical analysis are presented in table 5:

Table 1. Results of descriptive statistical analysis

	M.S	INF	BEER	CAR	FDR
Mean	6.327088	3.102826	4.750000	20.90866	79.13232
Median	6.320948	3.180000	4.750000	20.50781	78.93795
Maximum	7.286472	5.950000	6,000000	26.28166	89.32088
Minimum	5.337062	1.320000	3.500000	14.72363	70.08661
Std. Dev.	0.515493	1.096342	0.874706	3.370561	4.058735
Observations	92	92	92	92	92

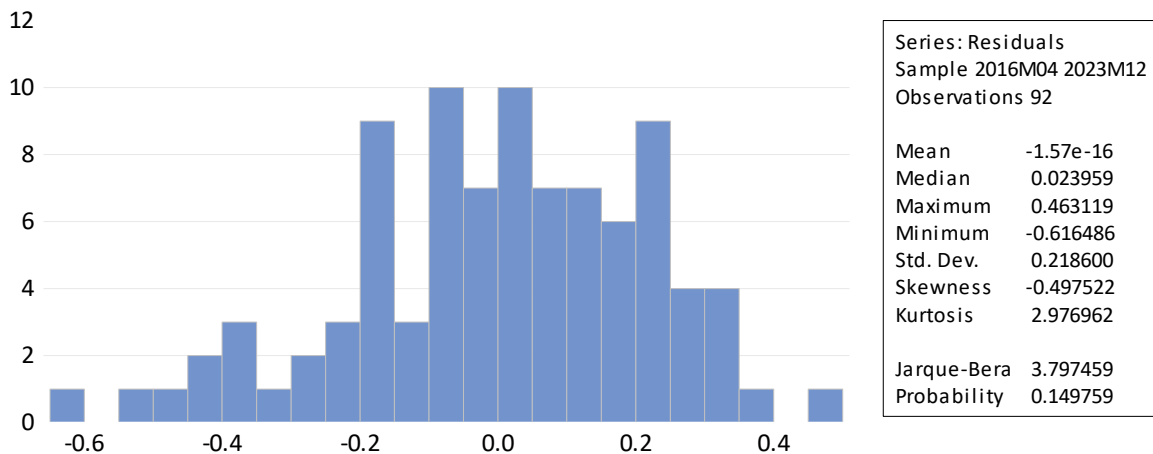
Source: Indonesian Sharia Banking Statistics, OJK, 2014- June 2019, data processed

Based on the descriptive statistical data above, it can be seen that the highest market share is 7.2%, while the average market share is only 6.32%, which means there is a stagnant condition in market share performance. The inflation factor is still relatively good with an average of 3.1%, while the highest BI rate is around 6%. CAR as part of sharia bank capital adequacy in general has an average of 20.9%, which means that sharia banking has a strong capital foundation, including the minimum CAR which is still at the level of 14.7%, still above the minimum CAR that applies to banks. . The FDR factor is also still within reasonable limits as stipulated which is below 100%, with an average FDR of 79.13%.

**Classic assumption test**

**1. Normality test**

Based on the results of the classical assumption test in the normality test section, the following results were obtained:



**Figure 2. Image of Normality Test Results**

Based on the test results above, the probability of  $JB > 0.05$  (0.149759) means the data is normally distributed



## 2. Multicollinearity Test

Based on the results of the classical assumption test in the multicollinearity test section, the following results were obtained:

Table 3.

Variance Inflation Factors

Date: 03/27/24 Time: 20:13

Sample: 2016M04 2023M12

Included observations: 92

Variables	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.797724	1468.308	NA
INF	0.000555	11.04715	1.214260
BEER	0.001353	58.07544	1.884753
CAR	0.000112	92.47919	2.317540
FDR	0.000102	1172.953	3.044242

The test results on the independent factors of inflation, BI rate, CAR and FDR obtained a variant inflation factor (VIF) value of  $\leq 10.00$ , so it can be concluded that the independent factors do not have problems.multicollinearity. Research by Best and Wolf (2015) states that if the VIF value is  $> 10.00$  then there is a strong relationship between the independent variables, this can cause problems in linear regression analysis. This indicates that the variables stand alone as test factors, which means they are valid as test variables in this research.

## 3. Autocorrelation Test

Breusch-Godfrey Serial Correlation LM Test:

Null hypothesis: No serial correlation at up to 33 lags

F-statistic	1.267227Prob. F(33.54)	0.2162
Obs*R-squared	40.15197Prob. Chi-Square(33)	0.1829

Based on the results of the autocorrelation test, it was found that the obs\*R2 prob was  $0.18 > 0.05 \rightarrow$  accept  $H_0$ , reject  $H_a$ , meaning that the data on the research test factors does not have autocorrelation. This is important considering that autocorrelation will causeConfidence intervals become wider than they should be and significance tests become less powerful.

## 4. Heteroscedasticity Test

Heteroskedasticity Test: ARCH

F-statistic	1.724079Prob. F(7.70)	0.1174
Obs*R-squared	11.47025Prob. Chi-Square(7)	0.1194

Based on the test results on heteroscedasticity, with Prob Obs\* R square being  $0.1194 > 0.05$ , then heteroscedasticity does not occur. This proves that the test factors have a good level of confidence. If there is heteroscedasticity, the possible impact is that it is difficult to measure the actual standard deviation, which can then cause the resulting standard deviation to be too wide or too narrow. In addition, if the error rate in the variance continues to increase, the level of confidence will decrease (Sihabudin, et al.,2021).<sup>20</sup>

### R2 Test (Coefficient of Determination)

The R2 test or coefficient of determination provides an assessment of the ability of the independent variables to explain the dependent variable. Based on the test results in the table above, the factors that explain market share in the model get a value of 82.02%, while the remaining 17.98% is explained by other factors outside the research variables.

### F testTest (Simultaneous Test)

The F test or statistical F test is carried out to determine whether the variables Inflation (INF), BI Rate (BIR), FDR and CAR simultaneously or together are able to have an influence on the market share of sharia commercial banks. From the test results, the F-test probability was 0.0000. Because the F-test prob value is smaller than 0.05, it can be concluded that the variables Inflation (INF), BI Rate (BIR), FDR and CAR together have a significant effect on the market share of sharia commercial banks.

### t Test (Individual Test)

The T test is used to determine the significance effect of each variable in the research which is proxied by the variables FDR, CAR, NPF, BOPO, and ITDEV on the market share of sharia commercial banks with the following conditions:

- H0:  $C(1,2,3\dots i) = 0$ ,  $X(1,2,3\dots i)$  is not significant
- Ha:  $C(1,2,3\dots i) \neq 0$ ,  $X(1,2,3\dots i)$  is significant
- Prob  $(0.05) < \alpha$  then reject H0.

Based on research, the results of the probability test can be seen in table 9 below:

Table 4. T Test

Variables	Prob	$\alpha$	Results	Meaning
Market share	0,000	0.05	<	Reject H0, Market share is significant
Inflation	0.0641	0.05	<	accept H0, Inflation is not significant
BI Rate	0.0077	0.05	<	Reject H0, BI rate is significant
CAR	0.0000	0.05	<	Reject H0, CAR is significant
FDR	0.0800	0.05	<	accept H0, FDR is not significant

Ssource: Secondary Data, Processed (2020)

#### 1. Inflation Variable (INF)

The INF variable shows that the coefficient value at 5% significance is 0.044171 with a probability value of 0.0641 greater than 0.05, so H0 is accepted and H1 is rejected. Thus, it can be concluded that partially, INF does not have a significant effect on the market share of Islamic banks in Indonesia.

#### 2. Variable BI Rate (BIR)

The BI Rate (BIR) variable shows that the coefficient value at 5% significance is -0. 0.100332 with a probability value of 0.0077 which is smaller than 0.05, then H0 is rejected and H1 is accepted. Thus, it can be concluded that partially, the BI rate has a significant effect on the market share of Islamic banks in Indonesia.

<sup>20</sup>Sihabudin, Wibowo, D., Mulyono, S., Kusuma, JK, Arofah, I., Ningsi, BA, . . . Shahrudin. (2021). Basic Econometrics Theory and Practice Based on SPSS. Purwokerto: CV. Persada Pen.

**3. Variable Capital Adequacy Ratio (CAR)**

The Non Performing Financing (NPF) variable shows that the coefficient value at 5% significance is 0.123866 with a probability value of 0.0000 which is smaller than 0.05, so H0 is rejected and H1 is accepted. Thus, it can be concluded that partially CAR has a significant effect on the market share of Islamic banks in Indonesia.

**4. Variable Financing to Deposit Ratio (FDR)**

The variable operational expenses on operating income (BOPO) shows that the coefficient value at 5% significance is -0.017816 with a probability value of 0.0805 which is greater than 0.05, so H0 is accepted and H1 is rejected. Thus, it can be concluded that partially, FDR has no significant effect on the market share of Islamic banks in Indonesia

**1.1.1.1. Regression equation analysis**

Based on the research results, the selection of the appropriate model for determining the market share variable for sharia commercial banks is presented in table 10 below:

Table 5. results of regression equation analysis

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C	4.533383	0.893154	5.075702	0.0000
INF	0.044171	0.023556	1.875155	0.0641
BEER	0.100332	0.036784	2.727625	0.0077
CAR	0.123866	0.010585	11.70175	0.0000
FDR	-0.017816	0.010075	-1.768344	0.0805

Ssource : Secondary Data, Processed (2024)

**CONCLUSION**

Based on the problem formulation that was prepared in the previous chapter, the conclusions that can be drawn include the following:

1. INF has no effect on the market share of sharia banks
2. BIR influences the market share of sharia banks
3. CAR influences the market share of sharia banks
4. FDR has no effect on the market share of Sharia banks

**Suggestion**

Based on the problem formulation that was prepared in the previous chapter, suggestions that can be taken include the following:

1. There is a need for additional research with other variables outside the variables in this research, considering that around 20% is still influenced by other variables. This means that there are still factors from macroeconomic conditions and internal conditions that can explain why the sharia banking market share is still in a condition of relative stagnation.
2. The need for other supporting factors such as the implementation of GCG and regulatory policies in accelerating the development of sharia banking
3. Other competitive factors also need to be compared considering that currently, both fintech and the existence of digital banks have quite a significant effect on sharia banking financing.

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