

Zakat Determinant Variable of Sharia Banks in Indonesia

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Abstract-This study aims to examine the effect of the buying and selling financing, profit and loss sharing financing, and lease financing to zakat through financing risk and financing performance as an intervening variable in sharia banks in Indonesia. This study uses secondary data from the financial statements of sharia banks 2016-2018 periods. The sample in this study was 13 sharia banks in Indonesia. The hypothesis was tested using the approach *Partial Least Square* (PLS). The results showed that selling and buying financing, profit and loss sharing financing, and lease financing affect the financing risk. Financing risk and financing performance became intervening variable that affect zakat on sharia banks in Indonesia period 2016-2018

Index Terms- Sharia Banks, Zakat, Intervening Variable

1 INTRODUCTION

Each company must have a goal that cannot be separated from seeking a profit. In this case, the profit is the relationship with the interested parties (*stake holders*). The interested parties are investors, government, and society. As the development of competition with the aim of achieving the company's profit (profit), began to experience a shift characterized by how companies can develop a good image to the community for long-term viability. The key to the development company not only oriented the profit but there is obligation companies towards the environment and society, or commonly known as *Corporate Social Responsibility* (CSR) (Hafiduddin, 2007).

Sharia banking functions as a financial intermediary implement the operational activities by collecting funds from the society and then channeled back to the society through financing. Funds raised from the community are usually stored in the form of demand deposits, savings and time deposits either in *mudharabah* principle or *wadiah* principle. Meanwhile, the distribution of funds carried out by sharia banks (SB) through refinancing with four distribution patterns, they are the principle of trading, the principle of sharing, *ujroh* principle, and supplementary agreement (Karim, 2008). The operational activities of sharia banking become intermediary or middleman between the owner of the funds (*Shohibul mal*) and fund managers (*mudharib*). Distribution of funds (*financing*) and fund (*funding*) become a major task for sharia banks. Fund may take in form of savings deposits, demand deposits, and time deposits, while channeling funds to society in the form of financing (Djamil, 2012).

Sharia banking is a fast growing form of business from the financial sector (Jatmiko, 2019). So sharia banking is a financial intermediary that serves as a collector and distributor of funds through financing agreement.

Zakat is part of the concept of responsibility that provides evidence against to the social interests (public) than the interests of the company (profit). Zakat management is carried out by transparency, accountability, responsibility, and able to solve the problems of society, especially in the economic and social fields. Zakat issued by the company does not intend to burden companies and threaten the sustainability of the company. Based on Law No. 17 Year 2000 on Income Tax, Article 4, paragraph 3, stated that the zakat expenses expressed as a reduction of taxable income for the issuing zakat. The regulation is expected financial condition of companies is not burdened. Zakat is an obligation of an independent Muslim and have a certain amount of wealth that has reached nisab. The phenomenon of sharia banking is an interesting phenomenon seen from the number of sharia banks in Indonesia that amounted to 13 Bank. An increasing number of sharia banks shows that the potential of sharia banking is very positive, so it will increase the amount of obligatory zakat for the company.

Sharia banking conditions in Indonesia have positive impact on development. Based on the 2012, sharia banking statistics published by Bank Indonesia, stated that a national sharia banking business volume consisting of total assets, total third party funds (DPK), and the finance portfolio is also increased. The development of sharia banks performance in 2015 which ever had weakened can be proven again in the following years. There showed that sharia banks were able to compete and passed some conditions of economic crisis. While in 2017, the performance of sharia banking financing decreased. Therefore, the sharia banking sector seeks to cooperate with other organizations in order to increase sharia banking debtors. Through the cooperation, it is expected to increase capital spending as evidence of financing growth. The

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condition shows that sharia banks strive to improve the performance of the financing which is unstable in every period. A measurement of performance of sharia banking is different from conventional banks (CB) seen at the performance of the business side or the ability to generate profits. While in sharia banks, the amount of profits are not the only measure of performance. However, other aspects need to be taken into account especially the social aspects and human resources (Fadhilla et al, 2018). Measurement of performance of sharia banks is different from conventional banks if it is looked at the performance of the business side or the ability to generate profits. While sharia banks profit figures are not the only measure of performance. However, other aspects need to be taken into account especially the social aspects and human resources (Fadhilla et al, 2018).

Sharia banking operational activities must be related to the risk. The sharia banks cannot be separated from the risk of financing problems which is called *Non Performing Financing* (NPF), so that the sharia banks need to adjust strategies in order to improve the NPF in sharia banks. *Non Performing Financing* (NPF) is a distribution of funds by the sharia banks that in the implementation of payment by the customer does not run well. It means that the debtor does not meet the requirements that were promised, and financing was not behind schedule installments. (Kashmir, 2010). The indicators is used to measure the level of credit risk is the *Non-Performing Loan* (NPL) for conventional banking or *Non Performing Financing* (NPF) for sharia banking. The development of sharia commercial banks NPF is higher than the conventional commercial bank NPL ratio (Ismal, 2018). In 2010 to 2016, the sharia commercial banks NPF ratio was statistically greater than the conventional commercial bank NPL ratio. In the last two years, sharia commercial banks of NPF ratio reached nearly twice the conventional commercial bank NPL ratio. In June 2016, sharia commercial banks NPF ratio reached 5.68% while conventional commercial bank NPL ratio of 2.95% ,as illustrated in Figure 1.

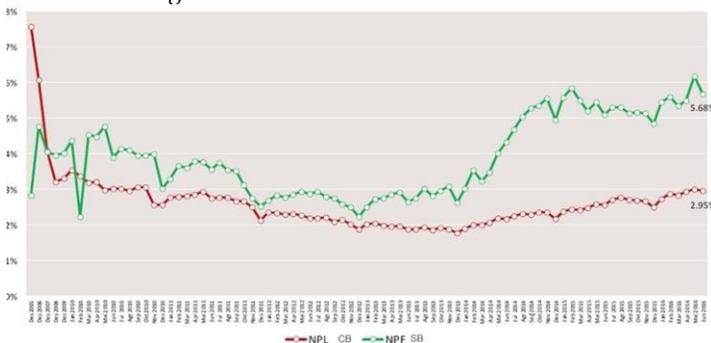


Figure 1. Development of conventional bank and NPF NPL sharia commercial bank (Bank Indonesia and the Financial Services Authority)

The graph shows that the conditions are worrying about the risk financing of sharia banking financing in Indonesia. Such concerns can be evidenced by the performance of sharia banking, NPF ratio with the signal faster than conventional

banking (Adebola et al., 2011). This is supported by research Beck et al (2012), stated that signals NPF ratio tends to move quickly on sharia banking considered as fairness since sharia banking does not use the concept of interest but uses the concept of *profit and loss sharing*. In addition, sharia banking also has a principle that all transactions are based on real economic transactions involving intangible assets.

Financing is a very important activity because of the financing will be obtained main profit and be a support survival of a bank. Conversely, when there is not good management, it will cause problems and stop of bank's business. The sharia banking financing is carried out through the sale of the murabaha contract, lease with ijarah, and corporation to run business with mudharabah or musharakah. (Ali, 2008). According to Faisol (2017), stated that the sharia banking financing able to give effect to the performance. Some factors which affect the financing include internal factors and external factors. The internal factors are *non-performing financing* (NPF), *operating financing*, and *operating income* (ROA), and the *third party fund* (DPK).

This study is conducted to determine the performance of sharia banking financing development in Indonesia. The financial conditions are always in a less than satisfactory position, so its need to be efforts to stabilize. One of the efforts is the implementation of corporate social responsibility in the form of zakat. The zakat can help the financial companies getting better. The zakat is evidence that the company is not only responsible for the company's profits, but also responsible for the environment and society.

Therefore, the purpose of this study is to analyze the effect of (a) buying and selling to financing risk, (b) profit sharing financing to financing risk, (c) lease financing to financing risk, (d) financing risk to financing performance, and (e) performance risk to zakat.

2 LITERATURE REVIEW

2.1 The Previous Research

This study is based on some previous studies related to the buying and selling financing, profit and sharing financing, and lease financing on zakat through financing risk and financing performance as an intervening variable. Financing risk is peroxided by the NPF value of research based on Nurul (2010), Ridha (2012), the Supreme (2014). Nurul's research result (2010) shows that the bank's performance is peroxided through ROA affect the increase in zakat in sharia banks. Ridha's study (2012) shows that the simultaneous buying and selling financing, profit sharing, and NPF affect the performance of the financing. Buying and selling affect positively on the performance of the financing since profit and loss sharing financing being a popular financing in sharia banks. Agung(2014) stated that the financing of the buying and selling, profit sharing, and lease effect on the performance of financing that make the profits of sharia banks increase, but financing for the partial results negatively affect the performance of the financing. Research Senjiati et al (2018)

explained that there is influence on social performance in zakat management. It is stated by the *National Zakat Index* (NZI) by giving the largest contribution in the calculation of the index of the micro dimension of the institutional that shows the management and zakat have significant impact.

2.2 Agency Theory

This theory was first proposed by Jansen and Meckling 1967. The agency theory occurs due to agency problems that arise between the principal and the agent. The nature of the agency theory is the fulfilment of the self (self-interest), a limited power of thought related to the perception of the future (bounded-rationality), and always avoid the risk (risk-averse) (Hamdani, 2016). Sharia banks more aware to an information concerning the management of funds from customers. Such the information can lead to the asymmetry information. The cause of the imbalance is because one party has more information than the other party.

Scott (2006) suggests an imbalance of the information occurs because the manager (agent) and the company knows more about the company's condition and prospects for the future of the investor or by external as well as practices that do agents to be able to exploit the information advantage over the loss of others, the type of information asymmetry is called adverse selection. However, if the imbalance of information occurs as investors and creditors have limited ability to control the breadth and quality of the performance of managers (agents), while managers (agents) are tempted to find fault or failure beyond the reach of authority, the type of information asymmetry is called moral hazard.

Theoretically, there are differences between the paradigms of conventional banks (CB) and sharia banks (SB). However, the fact is that sharia transactions are inherent with the conventional paradigm, because there is the existence of asymmetry information between principals and agents that creates adverse selection or moral hazard behavior. This can be proven by the dominance of murabahah transactions compared to mudharabah and musyarakah transactions within the scope of sharia banking operations. Theory and practice of research have gaps which will be a concern for academics and practitioners of sharia banking about the importance of applying sharia principles so that the development of the sharia banking business is in accordance with the company's objectives based on sharia provisions (maqasid al-shari'ah).

2.3 Sharia Banks

Regulation Legislation of the Republic of Indonesia stated the bank is an entity that collects funds from the public or society in the form of savings and channel them back in the form of loans or other forms in order to improve people's living standard. Banks are institutions that carry out three main functions, which accept deposits, lend money, and gives money remittance services (Adiwarman, 2010).

In 1992, the first sharia bank in Indonesia is Bank Muamalat Indonesia. Bank Muamalat Indonesia became the

pioneer of sharia banking birth because it is run by sharia principles. Based on data from Bank Indonesia, that sharia banking assets have been reached Rp 179 trillion, or about 4.4% of national banking assets and Third Party Fund (DPK) reached Rp 137 trillion. It identifies the financing to deposit ratio above 100 percent of sharia banking. Generally, it shows that sharia banking intermediation function to drive the national economy growing. The development of sharia banking in Indonesia consists of 13 sharia banks, 23 sharia and 156 sharia credit banks. While the number of offices increased from 1,692 in 2011 to 2,574 offices in 2012, so that it's increased 25.31% (Outlook BI, 2016). The operational activities of sharia banks are obliged to follow the principles of sharia. Sharia principles in banking activities should be based on a fatwa issued by the institution that has the authority in the field of sharia fatwa stated in Law No. 21 on sharia banking. The operations are based on Islamic principles, such as business activities that do not contain elements of usury, riba, gharar, haram, and dzalim.

2.4 Zakat

Zakat companies according to the entity concept is a concept that provides an overview of the business sector or institution that has responsibility (rights and obligations) in the presence of a separate law on the responsibility of the owner in running the business (Vitello, 2007). The obligatory elements of company's zakat are, as an example; nisab mal is equal with 85 grams of gold and the level of zakat is 2.5%. Management of zakat No. 23 of 2011 stated that the management of Zakat is planning, implementing, and coordinating the collection, distribution, and utilization of zakat.

The legal basis zakat company also enshrined in the Qur'an in Surah Al-Baqarah, verse 267 which reads, Believers! Spend (in the Way of Allah) out of the good things you have earned and out of what We have produced for you from the earth... ". In addition, the letter At-Taubah verse 103 which reads, "Take, [O, Muhammad], from their wealth a charity by which you purify them and cause them increase, and invoke [Allah's blessings] upon them. Indeed, your invocations are reassurance for them. And Allah is Hearing and Knowing".

Zakat is one of the fiscal policies which become one of the main pillars in the economic system of Islam. If zakat is implemented properly, it will bring a very good economic impact. According to the zakat activities in a market economy point of view, shows that the market is an activity creates income distribution becomes more equitable. Thus, the zakat is a fiscal policy where the zakat fund is able to create the improvement in economic conditions of society. Therefore, a good distribution of zakat will make the growth of public welfare.

2.5 Financing Performance

The performance of the financing used to determine the operational condition of the company and how good the bank concerned can carry out banking functions.

The mechanism of financing performance calculation is divided into two kinds:

1. *Profit and loss sharing*, where total operating revenues minus operating costs to make a profit or net profit.
2. *Revenue sharing*, where the profits is based on total revenue before reducing operating expenses or gross income.

Sharia banks financing performance is characterized by non-current financial indicators (net performing financing) which in the last five years have fluctuated with a good improvement. From 2006 to 2010, the NPF combination between the sharia commercial banks and UUS decreased from 4.8 percent to 3.0 percent. In the year 2010 increased to 3.5 percent (Soekarni, 2014). According to Bank Indonesia criteria that ranks NPF ratio is at a relatively safe position and within the tolerance limits NPF which has been applied by 5 percent. However, the development of NPF needs to watch both by sharia banks by way of a more selective distribution of funding.

2.6 Financing Risk

One of the risks faced by the bank is the inability of customers to fulfill an agreement with sharia banks. The inability of customers to fulfill their obligations to the bank resulted in financing problems or *Non Performing Financing* (NPF). NPF as bank risk indicators showing the condition in which the customer as the debtor is not able to meet most or all of its obligations to the bank as has been stated in the contract. Financing risk received by banks is one of the bank's business risks, resulting from nonpayment not back loans or investments being made by the bank (Firman, 2014).

According to Sari et al (2012) stated that in the Bank Indonesia, mudharabah and musharaka financing are categorized as substandard if arrears up to 90 days, the realization of the profit sharing up to 30% to 90% of the projected revenues. Funding is categorized doubtful if the arrears over 90 days to 180 days and the realization of the revenue share is less than 30% of the projected revenues. Then categorized as default arrears when the arrears more than 180 days, the realization of the revenue is less than 30% of the projected revenues of more than three payment periods.

2.7 Sharia Financing

Murabaha is a buying and selling agreement on certain goods, when the seller said the purchase price of the goods to the customer and then sold to the customer by requiring the expected profit corresponding amount (Ismail, 2015). Murabaha in Sharia banking concept is the sale of goods at the original price with the added advantage that is agreed upon. In a murabaha, the seller must tell to the customer the price of products purchased and determine a level of profits as enhancements. Murabaha financing application of sharia bank and Baitul Mal Wa Tamwil can be used for the purchase of

consumer goods and merchandise (capital plus financing) for which payment can be done formidable (maturity / installment).

According Wiroso (2005), to find out how the financing system profit sharing principle can be seen from the financing products that offered by Sharia banks, namely fund raising products and product distribution of funds. Mudharabah is a type of sharing profit financing is done by sharing profit between the owner of the funds (Shahibul mall) and fund managers (mudharib) in accordance with the first agreement. In this case, the bank acts as the owner of the funds that are willing to provide financing capital fully to meet the needs of a customer's business project. In the principle, the customers of bank functioned as mudharib who have full responsibility for managing their business without any interference of Shahibul mall. In the mudharabah financing, shahibul mall is not allowed to participate manage the business, but justified to oversee and advise. If the project has a loss of business, then Shahibul mall will bear all the losses, unless the losses due to negligence or misuse mudarib (Hassan, 2014).

Fatwa DSN MUI No. 09 / DSN-MUI / IV / 2000 on the financing Ijara, stated that Ijara is a contract of transfer of rights to (benefit) on an item or service within a specific time through lease payments / wages, without being followed by the transfer of ownership of the goods themselves. Ijara contract thus no change of ownership, but only in order to transfer ownership of the leased premises to the tenant. Thus, the Ijara is a form of muamalah involving the two sides, namely the tenant as a person who provides goods that can be utilized to the renter to be taken advantage by replacement or exchange that has been determined by the Personality 'without ending with ownership.

2.7 Conceptual Framework and Hypothesis

Based on the theoretical foundation and a review of previous studies as described above, the frame of the conceptual framework of this study are described as follows:

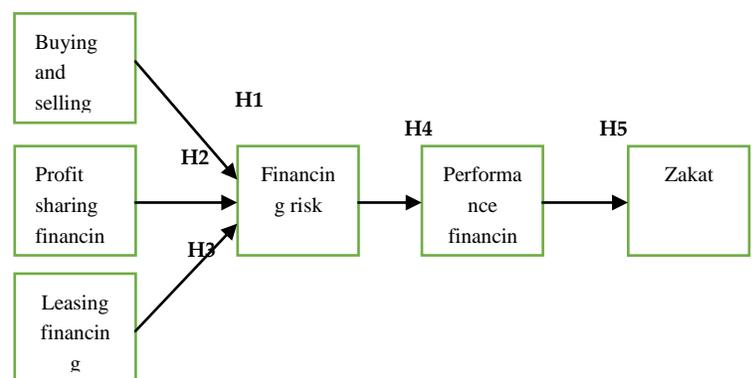


Figure 2. Conceptual Framework

This study analysed the effect of the buying and selling financing, profit sharing financing, and lease financing to zakat

through financing risk and performance financing as an intervening variable in sharia banks in Indonesia. Based on a review of previous research, the theoretical and conceptual framework of the research then drafted the formulation of hypotheses as follows:

H1: buying and selling financing affects the financing risk

H2: profit sharing financing affects the financing risk

H3: lease financing affects the financing risk

H4: Financing risk affects the performance of the financing

H5: performance financing affects the zakat

3 METHODOLOGY

3.1 Types of Research

This research is quantitative and explanatory research since it aims to explain, test, and prove a theory or hypothesis to reinforce or reject the theory or hypothesis of existing research results. This research was conducted with a quantitative approach to examine the sample population. In addition, data collection techniques are secondary and primary data which is presented using the testing of each hypothesis.

3.2 Types and Data Sources

Data used in this research was secondary data. Secondary data is a source of research data obtained by researchers indirectly through an intermediary medium or obtained and recorded by others. The data was obtained from reports of financial statements Sharia Banks 2016-2018 period. These reports may be obtained from the official website of each sharia banks.

3.3 Population and Samples

Population is a generalization region consisting of the object or subject that has certain qualities and characteristics defined by the researchers to be examined subsequently then drawn the conclusion. The population in this research was 13 sharia banks in Indonesia. The samples are part of the population which is considered to represent the characteristics. This research used purposive sampling with certain criteria including the completeness of the data in the bank's financial statements during the study period 2016-2018.

3.4 Types and Operational Definition of Variables

3.4.1 Types of Variable

This research used two types of research variables, namely the exogenous and endogenous variables. Exogenous variable is a variable that is considered to have an influence on other variable, but is not influenced by other variable in the research. Exogenous variable in this research is the types of financing in sharia banks. Endogenous variable is variable that is considered influenced by other variables in the study (Hasmy, 2008). The exogenous variable of this study is buying and selling financing, profit and loss sharing financing, and lease financing. The Endogenous variable in this study is the financing risk, financing performance, and zakat.

3.4.2 Definition Operational Variables

- a. Sharia financing consists of the buying and selling financing, profit sharing financing, and lease financing. Sharia financing variable is measured by calculating the total financing of each financing.
- b. Financing risk characterized by the inability of customers to fulfill their obligations to the bank resulted in financing problems or *Non Performing Financing* (NPF). Variable financing risk is measured by Non Performing Financing (NPF)
- c. Performance financing used to find out about the condition of the bank's operations and how good the bank to be able to run banking functions. Performance financing variable is measured by revenue after sharing distribution.
- d. Zakat is a fiscal policy which forms as the main pillar in the economic system of sharia which is if implemented properly; it will provide the economic impact that will create income distribution becomes more equitable. The zakat variable is measured by calculating the total zakat in the end of period of sharia commercial banks.

3.5 Data Analysis Method

3.5.1 Technique of Analysis Data

Descriptive statistics are commonly used by researchers to provide information about the characteristics of the main research variables and demographic data of respondents (if any). The measurement that is used in descriptions such as: frequency, central tendency (mean, median, mode), dispersion (standard deviation and variance), and the correlation of coefficient between the variables. The descriptive analysis is basically the process of transformation of research data in tabular form that is easily understood and interpreted. Tabulation presents a summary of the arrangement or compilation of data in the form of numerical tables and graphs. Descriptive analysis is used by researcher to provide information about the characteristics of the main research variables and respondent demographic data such as gender, age, and so on.

3.5.2 Hypothesis Tests

The study hypothesis used statistical Smart Partial Least Square. Smart Partial Least Square Analysis is a method of analysis that is not based on many assumptions to predict. PLS purpose is helping researchers for the purpose of prediction. Model formally defines the latent variables is linear aggregates of the indicators. Weight estimate to create a component score latent variables based on the inner workings of the model (structural model that links between latent variables) and outer models (model measurement of the relationship between the indicators with its construct). This study uses the software Smart-PLS, PLS is a method of analysis that is powerful because it is not based on many assumptions (Wold, 1985). Data should not normally distributed multivariate (indicator with scale theory, ordinal, interval until the ratio used in the

same model) and the sample does not have to be big. In addition, it can be used to confirm the theory, PLS can also be used to explain the relationship between the latent variable.

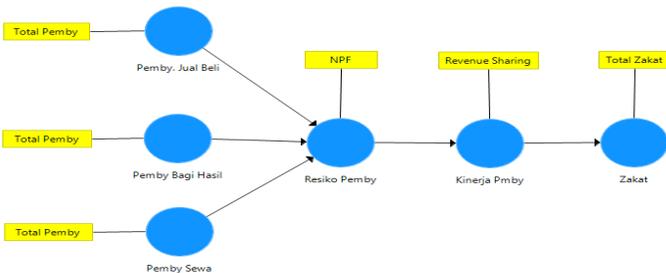
As stated by Sukma (2016), if the loading factor score <0.7, the indicator and the construction can be removed because the indicator is not loaded (load) to representative construct. Based on this, the financing variable, financing risks, zakat, and performance financing meet the validity construct because it is above the 0.7 scale.

4 RESULT AND DISCUSSION

4.1 Hypothesis Tests

There are two kinds of models in the hypothesis test. The first is structural models (inner model). Structural model or inner structural model describing the relationship of latent construct based on the theory. The design of the structural model of the relationship between latent constructs is based on the formulation of the problem or the research hypothesis (Ghozali, 2006).

The second is measurement model (outer model). Outer measurement model defines how each block of indicators associated with latent constructs. The design of the indicator measurement model determines the properties of their respective latent constructs, whether reflexive or formative, based on an operational definition of variables (Ghozali, 2006). Statistical models in this study as follows:



Discriminat Test Validity

	Buying and selling	Profit and loss sharing	Leasing	Financing risk	Zakat	Financing Performance
Tot. financing	1.00	0.502	0.471	0.724	0.340	0.481
Tot. financing	0.502	1.00	0.828	0.843	0.825	0.985
Tot. financing	0.471	0.828	1.00	0.646	0.576	0.839
NPF	1.00	0.502	0.471	1.00	0.340	0.481
Total Zakat	0.340	0.825	0.576	0.894	1.00	0.889
Revenue Sharing	0.502	1.00	0.828	0.843	0.825	1.00

From the table above, it can be seen that the correlation between the constructs and each indicator is higher than the correlation of the indicators of a construct with other constructs. This shows that the latent constructs can predict the indicator on each construct block which is better compared with indicators in the other block.

1. The construct validity

According to Sukma (2017), validity construct is the validity of the question how far the items of test items able to measure what's right - right to be measured in accordance with a specific concept or conceptual definition that has been set.

Variables	Indicator	Loading Factor	Information
Buying and selling financing	total Financing	1.00	validity
Profit and loss sharing financing	total Financing	1.00	validity
Lease financig	total Financing	1.00	validity
Financing risk	NPF	0.724	validity
Financing Performance	Profit and loss sharing	0.788	validity
Zakat	total Zakat	1.00	validity

2. Reliability

The purpose of the reliability test is to demonstrate the consistency of scores that is given by the other scorer. A construct is considered reliable if the reliability of composite score above 0.7 though some research into the development scale loading of 0.5 to 0.6 is acceptable (Ghozali, 2014).

	Cronbach's Alpha	Composite Reliability
Buying and selling financing	1.00	1.00
Profit sharing financing	1.00	1.00
Leasing financing	1.00	1.00
Financing risk	0.610	0.728
Zakat	1.00	1.00
Performance financing	0.788	0.897

In accordance with the table, all constructs have composite value reliability and cronbach's alpha values above 0.7. So we can conclude that the construct has a good reliability. In

addition, to assess the reliability of a construct can be made by seeing Averages Extrated Variance (AVE). In (Ratsidyaningtyas, 2016), construct is said to have a high reliability if the value is above 0.5. The following table will be presented in the Extrated Variance Average value (AVE) for all variables.

	AVE
Financing risk	0.667
Zakat	0.795
Performance financing	0.675

From the AVE value, it can be concluded that the construct has a good reliability. After the model is estimated meets the criteria of discriminant validity, then structural models (inner model) is done. Inner model assessment is the relationship between latent constructs by seeing parameter estimation path coefficients and significant levels (Sukma, 2016). Here are the R-square values

	R-Square
Financing risk	0.705
Zakat	0.621
Performance financing	0.738

Based on the table, it shows that the results of the R-square values for the variables obtained financing risk by 70%, for charity variables is obtained by 62%, as well as financial performance variables was obtained by 73%.

4.2 Discussion

1. Buying and selling financing affects the financing risk

Based on the results of path analysis using the PLS approach, the result shows that the buying and selling financing affects the risk of financing with t-statistic values > t table or 2.19834 > 1.97. The first hypothesis in this study is buying and selling financing which has an effect on the risk financing of sharia banks, in order to take a decision that the H1 research is accepted. The results support the theory about the financing relationship with the risk of financing. The results support the study that is conducted by Ridha (2012).

2. Profit sharing financing affects the financing risk

Based on the results of path analysis using the PLS approach, the result shows that the profit sharing financing affects to the financing risk with t-statistic > t table or 2.3490 > 1.97. The second hypothesis in this research is the profit sharing financing affects to the sharia banks financing risk, so it can take a decision that H2 research is accepted. The results of this research support the study that is conducted by Lesmana (2011).

3. Lease financing affects the financing risk

Based on the results of path analysis using the PLS approach, the result shows that lease financing affects to the risk of financing with a value of t-statistic < t table or 2.1754 >

1.97. The third hypothesis in this study affects the risk of lease financing in sharia banks financing, so it can be taken a decision that H3 research is accepted.

4. Risk of financing affects the performance of the performance financing

Based on the results of path analysis using the PLS approach, the result shows that the risk of financing affect the performance of the financing with a value of t-statistic > t table or 4.87601 > 1.97. The fourth hypothesis of this study affects the financing risk, so it can be taken a decision that H4 research is accepted. The results are consistent with the theory of the relationship of profit sharing financing risk with the zakat. The results of this research support the study that is conducted by Nurul (2010).

5. Financing performance affects the zakat

Based on the results of path analysis using the PLS approach, the result shows that the performance financing affects zakat with the value of t-statistic > t table or 5.33210 > 1.97. The fifth hypothesis in this study shows that zakat affects the financing performance. So as a decision that H5 research is accepted. The results of this study are in accordance with the theory of zakat relations to financing performance. The results of this study support those carried out by Nurul (2010).

CONCLUSION

This study examines the effect of financing on the performance of the financing through financing risk. The fifth hypothesis can be accepted based on the analysis of data using the PLS, there are buying and selling financing affects the financing risk, profit and loss sharing financing affects the financing risk, lease financing affects financing risk, financing risk affects the financing performance, and financing performance affects the zakat.

Recommendation

For the development of sharia accounting knowledge and continuity of the knowledge process, especially sharia economics, for the next researcher can add sample by extending the period of research. Moreover, it can be added a direct link to the financing effect on performance and can demonstrate empirically the impact of financing for zakat that will demonstrate the improvement performance of the sharia banking financing.

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