

Sensitivity Analysis Of Financing Demand In Syariah Banking

DR. HJ. ROSYETTI, SE., M.Si

Abstract: This study aims to analyze the Sensitivity of Demand Financing in syariah banking, with a focus on the elasticity of financing demand, income elasticity, and cross elasticity. The type of data used in this study is secondary data quantitative and time series obtained from the publication of BPS, BI and OJK. The data analysis technique begins by estimating multiple linear regression equations using the Eviews Application, further measuring the sensitivity using elasticity. The research variables consist of revenue, gross domestic product, and conventional bank interest rate as independent variables and demand for financing as a dependent variable. The results obtained for the results, gross domestic product, and interest rate of conventional banks simultaneously affect the demand for financing in Islamic banking with a significant level of 5% obtained probability value F statistic $< \alpha$ (0,05). Partially revenue share and gross domestic product have a significant effect on demand for financing. While the variable interest rate of conventional banks partially does not have a significant effect on demand for financing in Islamic banking. The ability of the three independent variables to explain the dependent variable of 99.06%, the rest of 0.04% influenced by other factors outside this study. The sensitive value of demand for financing in syariah banking during the observation period was 3.94 ($\epsilon_P > 1$) so that it can be said that demand for financing in syariah banking is elastic. The elasticity of income demand for financing in syariah banking, during the observation period of 3.08 ($\epsilon_I > 1$), is categorized as luxuries goods. The cross elasticity value of financing demand in syariah banking during the observation period is 0.52 or positive ($\epsilon_C > 0$), it can be categorized that the interest rate of a conventional bank is a substitute of profit sharing.

Index Terms: Sensitivity, Financing, Profit Sharing, Gross Domestic Product and Interest Rate

1 INTRODUCTION

Economic development of a country is in dire need of natural resources (SDA), human resources (HR), and capital resources are productive. Capital is one factor of production that is very important for any business, both small and large scale. The availability of sufficient capital can support the speed of domestic investment. In addition capital is also a major factor and has a very high position, especially in business and business development. With the availability of capital can launch business activities and business undertaken by the community. Banking as a financial institution acts as a source of provision of funds to finance all the needs that society needs. Banking serves as an intermediary between parties - parties who require capital (users of funds) with the parties - the parties who have the capital (owner of funds). Especially for business development and expanding business. Therefore, the presence of banks is very necessary in order to provide loans in the form of credit / financing to people who have lack of funds. Lending from banks to parties that require capital in the form of financing is done by syariah banks. The development of syariah banking in Indonesia began with the establishment of Bank Muamalat Indonesia in the year 1991. At first syariah banking has not received optimal attention from the Government, it is seen in Law No. 27 of 1992 which has not explained the legal basis of operational Islamic banking. However, after the new law that is, Law No. 10 of 1998 which explains the existence of two banking systems that are banking profit-sharing system and conventional system. This spirit is based on the belief that syariah banking will bring 'maslahat' for the improvement of economy and equity of society welfare. The presence of syariah banking in Indonesia is beneficial to various parties, especially for the business world.

At the moment the manufacturer should pay for the used capital, especially not using his own capital. Manufacturers will seek financing from other parties, for example, suppose they are based on the market. The reason for this is the use of the other party and then the producer must provide compensation to the capital. In conventional economics, this compensation is primarily the interest rate, hence the interest can be called the price of capital. In Islamic economics, the existence of interest can not be maintained because of the prohibition of Allah Subhanahu Wa Ta'ala on this matter. Interest is usury, while usury is haram. (Andriani, 2014). Where Allah SWT has explicitly forbid it stated in Al-Qur'an Surah Al Baqarah verses 278-279. يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنْتُمْ مُؤْمِنِينَ ﴿٢٧٨﴾ فَإِن لَّمْ تَفْعَلُوا فَأْذَنُوا بِحَرْبٍ مِّنَ اللَّهِ وَرَسُولِهِ وَإِن تُبْتِغُوا فَالْأَمْوَالُ الَّتِي لَمْ تَظْلِمُوا (٢٧٩) Meaning: "O ye who believe! Confide in Allah and leave the rest of usury (if it is not collected) if you are believers. So if you do not (leave the rest of usury) then know that Allah and His Messenger will fight you. And, if you repent (from taking usury) then for you the principal of your treasure; you neither persecute nor persecuted." (Surah Al Baqarah: 278-279). From the beginning of the establishment of Islamic banks until now, has a lot of variety of products offered. Broadly speaking syariah banking products can be divided into five time ie, products with deposit or savings, products with profit sharing, products with the principle of sale and purchase, products with the principle of lease, and products with the principle of service. The deposit or deposit product is called wadi'ah. Revenue products consist of musharaka, mudaraba, muzara'ah and musaqah. The products of sale and sale consist of murabah, salam and istishna. The rental product consists of ijarah and ijarah muntahia bit-tamlik. While the service product consists of wakalah, kafalah, hawalah, rahn and qard. (Antonio, 2001: 83-134). Based on statistical data of Islamic banking in Indonesia there is a development of financing channeled syariah banking from 2012 to 2016. Kemudian when viewed in total from all financing products indicate that the financing channeled syariah banking increased rapidly every year. This can be seen as follows:

- Lecturer of Economics and Business Faculty of Riau University, Indonesia

Table 1: Development of Syariah (Islamic) Commercial Bank Financing and Syariah Business Unit for the Period 2012-2016 (Billion Rupiah).

No.	Tahun	Financing	Growth (%)
1.	2012	147.505	-
2.	2013	184.122	24,82
3.	2014	199.330	8,26
4.	2015	212.996	6,86
5.	2016	248.007	16,44

Source : Statistics of Syaria Banking, 2017

Demand theory states that demand for goods and services is influenced by price and non-price factors. Speaking of demand financing which is the price factor of the financing profit sharing. The law of demand that reads demand will increase if prices decline, on the contrary. In law the demand for the quantity of goods requested will be inversely proportional to the price level. In this connection the demand for financing will increase if the financing price falls, and vice versa. In the distribution of financing to the community / customers of syariah banks to provide compensation for the results as the cost of borrowing in accordance with the ratio of profit sharing that has been established syariah banking. According Rofiq (2004: 153), profit sharing by term is a system that includes the procedure for the distribution of business results between fund providers and fund managers. Profit sharing compensation that occurred in syariah banking in the last five years can be seen in Table 1.2 as follows:

Table 2: Syariah Banking Sharing Rate Period 2012-2016 (%)

No.	Tahun	Profit Sharing Rate	Growth (%)
1.	2012	62.44	-
2.	2013	63.22	1,25
3.	2014	66.35	4,95
4.	2015	74.27	11,94
5.	2016	72,66	(2,17)

Source : Statistics of Syariah Banking, 2017

Table 2 shows that the level of profit sharing in syariah banking fluctuates from 2012 to 2016. The most striking changes occur in 2015 with a growth of 11.94%. In the year 2016 level of profit sharing offered syariah banking has decreased compared to previous years, but still in a positive trend. Based on this, there is a tendency of a positive relationship between financing demand and profit sharing. Where in the same year In 2012 demand for financing increased by 24.82%, as well as the profit sharing rate increased by 1.25%. So it can be interpreted that the increasing profit sharing rate attracts customers in choosing financing in syariah banking. This is the gap of research, so it is interesting to examine the level of sensitivity of the request. Based on the background of the problem, this study aims to examine the level of sensitivity of Profit Sharing, Gross Domestic Product (GDP) and Interest Rate of Conventional Bank on financing demand in the bank of syariah. Therefore it is an interesting thing to be examined and scrutinized, then this research entitled "ANALYSIS OF FINANCING SENSITIVITY IN SHARE BANKING PRINCIPLES".

2 LITERATURE REVIEW

According to Muhammad (2004: 113), demand is the amount of goods demanded in a particular market with a certain price

level at a certain level of income and within a certain period. The law of demand is a principle that buyers will ask for more products when their prices fall and fewer products when their prices increase. (Karl, et al. 2002: 83). According to Muhammad (2004: 114), the law of demand states "When the harag of a good thing rises, the demand for the goods will come down. Conversely, if the price of the goods falls, then demand will rise ". The law of such demand may apply if the required assumptions are met, ie *ceteris paribus*. Request someone or something society to a good is determined by many factors, namely: (Sukirno, 2009: 76).

- 1) Price of the goods itself. If the price of an item is cheaper, then the demand for it will increase, and vice versa if the price of an item is expensive, the demand for the goods will decrease.
- 2) Prices of other related goods. The connection between the two consumptive goods is basically distinguishable in two different ways: (a). Substituted relation; (b). Complementary (complementary relations).
- 3) Household income and average income of the community
This factor is an important determinant in the demand of an item. In general, the greater the consumer revenue the greater the demand.
- 4) The pattern of income distribution in the community
The distribution of income can also affect the demand patterns of different types of goods.
- 5) The taste or taste of society. The tastes or tastes of society in general change from time to time.
- 6) Population. Population growth does not necessarily lead to an increase in demand, but the usual growth of the population is followed by development in employment.
- 7) Forecast of the future state. Estimates that can be described against the events and expectations of consumers, especially the price of the future. The consumer's forecast that prices will grow in the future will encourage them to buy more at the moment.

The demand function is the demand expressed in the mathematical relationship with the factors that influence it. With the demand function, we can know the relationship between the dependent variable and the independent variables (Rahardja and Manurung, 2008: 24). If non-price factors change, will result in a change in demand. The change in demand is indicated by the shift of the demand curve to the right or to the left, which gives the meaning that changes in non price factors (eg, rising consumer income, *ceteris paribus*) will cause a change in demand (raising demand), but at a fixed price level the quantity of goods demanded increases. Financing is one of the main tasks of syariah banks is the provision of facilities to provide funds to meet the parties which is the deficit unit. (Antonio, 2001: 160). The factors - factors that affect financing demand are as follows:

1. Revenue Sharing

According to Antonio (2001), Muhamad (2002), and Karim (2004) in Pratin et al (2005), the level of financing cost (profit margin) affects the total demand for Islamic financing. If the profit margin level is lower than the average of the national banking interest rate, the syariah financing will be more competitive. The higher share for the result set by the syariah bank will decrease the financing demand and vice versa lower the result set will increase the financing demand (M. Nadratauzzaman: 2009).

2. Gross Domestic Product (GDP)

Demand for Financing has an influence on income, explained by Adiwarman Karim (2007: 187), Where the higher the income level of a person the demand for money to facilitate the transactions of goods and services will also increase. According to Metwally (1995), rising incomes will increase the demand for money by the public for a certain level of income that is exposed to zakat (Huda, 2009: 148).

3. Interest Rate of Conventional Bank

The rise in interest rates is a dilemma of the current world of syariah banking, as it is feared there will be shifting funds from Islamic banks to conventional banks. However, there is also an advantage that is obtained by Islamic Bank with interest rate increase, ie demand for financing (credit) in Bank Syariah by customers is predicted to increase along with the increase of interest rate on conventional bank or commercial bank (Antonio, 2001). The amount of demand for financing is influenced by price and non-price factors. The factor that is the price factor of financing is profit sharing. While the non-price factors that affect the demand for financing are conventional bank interest rates and gross domestic product (GDP). According to Law Number 10 of 1998 dated November 10, 1998 concerning banking, a bank is a business entity that collects funds from the public in the form of savings and distributes it to the community in other forms in improving the standard of living of many people. (Roswita, 2000: 25). Based on Law no. 7 of 1992 concerning banking states Bank is a business entity that collects funds from the public in the form of savings and channeled to the community in order to improve the lives of many people (Cashmere, 2013: 24). Bank is defined as a financial institution whose business activities are collecting funds from the community and channeling the funds back to the community and providing other bank services (Kasmir, 2008:2). According Manurung and Raharja (2004: 118), the bank is a financial institution that raises deposit funds and provide credit loans. Bank is an agency whose main task is as a financial intermediation institution which disburses funds from deficit units at a specified time (Dendawijaya, 2000: 15). The success of the bank in fulfilling that purpose is influenced by the following (Triandaru, 2006: 95):

- 1) Community trust in the bank concerned.
- 2) Estimated income level to be obtained by depositors is higher than income from other investment alternatives with a balanced level of risk.
- 3) Risk of depositing funds
- 4) Services provided by banks to depositors.

Bank Syariah is a bank with profit sharing pattern which is the main foundation in all its operations, whether in the form of funding, financing, or in other products. (Ascarya, 2008: 2).

Bank Syariah is a bank that in its activities, both the collectors of funds and in the framework of the channeling of funds provide and impose rewards on the basis of syariah principles of sale and purchase and profit sharing. (Triandaru, 2006: 153). Based on the principal banking law of 1992 and reaffirmed by the issuance of RI Law. NO. 10 year 1998 hence the type of banking consist of:

- 1) Commercial Bank. Bank conducting business in a conventional or syariah-based manner in which its activities provide services in the payment traffic. The

nature of the services provided is general, in the sense of providing all existing banking services. Similarly, the area of operations can be done throughout the region. Commercial banks are often called commercial banks.

- 2) Rural Bank (BPR). Bank conducting its business activities in a conventional or syariah-based manner in which its activities do not provide services in the payment traffic. This means that BPR activities are much narrower when compared to commercial banks. Shari'ah principle of profit sharing (profit sharing) based on Mudharabah rules. Where the bank will act as Mudharib (Fund Manager) while the savers as Shahibul Maal (Funders). (Antonio, 2001: 95).

The cooperation of the parties with the profit-sharing system shall be implemented in a transparent and fair manner. This is due to knowing that the profit-sharing rate for a given period can not be executed unless there is a financial statement or confessed confession. At this stage of the cooperation agreement is agreed by the parties, then all aspects related to the business must be agreed in the contract, so that the parties can remind each other (Ridwan, 2004: 120). The concept of profit sharing is as follows:

- 1) The fund owner will invest the funds through the syariah financial institution acting as the manager;
- 2) Syariah managers or institutions will manage the funds in the pool of funds system will then invest the funds into projects or businesses that are feasible and profitable and comply with syariah aspects;
- 3) Both parties sign a contract containing the scope of cooperation, nominal, ratio and duration of the agreement.

The profit sharing method consists of two systems:

- a) For profit (Profit Sharing)
- b) Revenue Sharing

2.1 Profit Sharing With Financing

If the level of profit taken by Islamic banks is low, then the financing demanded by the community will be higher, or the financing channeled by Islamic banks is also getting bigger. Conversely, if the level of profit sharing set by Islamic banks is high, the smaller the public wants to ask for financing in syariah banking, because the beneficiaries are the owners of capital (bank).

2.2 Relationship of Gross Domestic Product (GDP) with Demand for Financing

Demand for financing has a close relationship with GDP. Given the rise in GDP due to steady economic conditions, the level of public consumption will increase. Therefore, if GDP increases then demand for financing will also increase in order to meet the level of consumption required by the community. Conversely, if the GDP of a country declines then the demand for financing will also decrease. If the lending rate of conventional banks increases, then the appetite or ability of the people to pay interest rates that have been determined conventional banks will decline, consequently demand for credit in conventional banks will also decline. This will affect the community to choose syariah banks as an alternative to obtain capital and demand for financing in Islamic banking will increase.

2.3 Sensitivity

The concept of sensitivity allows an answer to a causal relationship, a reaction action, between one variable and another. What percentage of a variable will change, if one other variable changes by one percent. This analysis is popular with the term elasticity (ε). There are three important factors affecting the demand for the financing of syariah banking, ie the price of the goods themselves, in this case proxy by profit sharing, the price of other goods is proportional to the interest rate, and the income is proxy by GDP.

3 RESEARCH METHODOLOGY

Multiple Linear Regression Analysis

To know the influence of independent variable to dependent variable used analytical tool of econometrics that is doubled linear regression. The general formulation is as follows (Supranto, 2001: 236):

$$Y_i = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + \dots + b_n X_n + \epsilon \dots\dots\dots (1)$$

Description: Y_i = Variables Explained; b_0 = Constant; b_1, b_2, b_3 = Regression coefficients X_1, X_2 and X_3 ; X_1, X_2, X_3 = Predictor Variables; ϵ = Variable Disorder. Based on the above general formulation, then formulate a specific formulation of the analysis model of financing demand research as follows:

$$Y_i = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + \epsilon \dots\dots\dots (2)$$

Description: Y_i = Demand Financing; b_0 = Constant; b_1, b_2, b_3 = Regression coefficients X_1, X_2 and X_3 ; X_1 = Revenue share (%); X_2 = GDP (Rupiah); X_3 = Interest rate of conventional bank (%); ϵ = Distraction variable. Eviews app Multiple linear regression analysis using Eviews 9 application Hypothesis testing. Before conducting the research hypothesis, then the equation obtained using the following three tests as follows:

Economic Test

This test can be observed from the sign of coefficient of gradient. In this study, profit-sharing (%) variables have

negative influence on total demand of financing, GDP (Billion Rupiah), and interest rate of conventional bank (%) have positive effect to total demand of financing.

Statistic test

These tests are: Simultaneous Test (F Test), Partial Test (Test t), and Double Determination Coefficient (R2).

Classic assumption test

Gujarati (2006: 187) stated that the regression model obtained by ordinary least squares (OLS) is a regression model that produces non-biometric linear estimator (BLUE), tested: Normality Test, Multicollinearity Test, Heteroskedasticity Test, and Autocorrelation Test.

Sensitivity Analysis (ε)

Sensitivity analysis is done by calculating the value of coefficient of partial elasticity of each independent variable step as follows: Getting a financing demand equation.

Calculate the elasticity value of the independent variable, using the formulation:

$$\epsilon_i = \partial Y_i / \partial X_i \times (X_i / Y_i) \dots\dots\dots (3)$$

After calculating the elasticity of each independent variable, it can prove H2, H3, and H4 by using the following criteria: Hypothesis 2 with criteria: a. Inelastic ($\epsilon_p < 1$), b. Elastic ($\epsilon_p > 1$), c. Elastic Unitari ($\epsilon_p = 1$), d. Perfect Inelastic ($\epsilon_p = 0$), e. Perfect Elastic ($\epsilon_p = \infty$). Hypothesis 3 with criteria: a. Normal goods ($\epsilon_i > 0$), b. Inferior goods ($\epsilon_i < 0$), Essential goods ($0 \leq \epsilon_i \leq 1$), Luxuries goods ($\epsilon_i > 1$). Hypothesis 4 with criteria: a. Substitution ($\epsilon_c > 0$ /positive), b. Complementer ($\epsilon_c < 0$ /negative)

4 RESULT AND DISCUSSION

Includes regression analysis, with economic test, statistical test, and classical assumption test, expected to describe the actual condition, followed by sensitivity analysis.

1. Regression Analysis.

Summary of the results of the research data using Eviews 9:

Table 3: Summary of Profit Sharing Analysis, Gross Domestic Product (GDP) and Conventional Bank Interest Rate on Demand for Financing on Syariah Banking Period 2005-2016.

Variable	B	Std. Error	t-Count	Sig.	R ²	F-Count	Sig.
	63534,66	51202,50	1,241	0,250	0,991	388,8537	0,000
Profit sharing	-3191,348	808,8627	-3,945	0,004			
GDP	0,031672	0,001436	22,062	0,000			
Interest Rate of Bank Conv.	2716,403	1612,388	1,685	0,130			

Source: Results of Eviews 9 (processed), 2017

Based on the above summary table obtained multiple linear regression equation as follows:

$$\hat{Y} = 63534,66 - 3191,348 \text{ For Results} + 0.031672 \text{ GDP} + 2716,403 \text{ Conventional Interest Rate}$$

Before the regression equation is used for further analysis, then first done some testing that is:

Economic Testing

From the results of economic testing, then the sign of the regression coefficient of revenue sharing, GDP, and the level of conventional bank interest has been in accordance with the theory. With the corresponding economic test results with the theory, the equations obtained can be used for further analysis, by first aligning with the statistical test and the classical assumption test.

Testing Statistics

After the economic test, then do the statistical test. Based on Table 1 above obtained:

- a) Partial Test Results (t test)
 - 1) Partially for the results have a negative and significant impact on demand for financing in Islamic banking Period 2005-2016.
 - 2) Partially GDP Positive and significant impact on demand for financing in Islamic banking Period 2005-2016.
 - 3) Partially conventional bank interest rate has positive and insignificant effect on demand for financing in syariah banking Period 2005-2016.
- b) Simultaneous Test Results (F Test)
In terms of profit sharing, GDP and interest rates of conventional banks have a significant effect on demand for financing.
- c) Results of Double Determination Coefficient (R2) Adjusted R Square value of 0.991. This means that the contribution of independent variables (Profit Share, GDP and Interest Rate of Conventional Bank) to the dependent variable (Demand for Financing) is 99.1%, while the remaining 0.9% is influenced by other variables not included in this research model.

Classical Assumption Testing Results

Multiple linear regression equation should be linear unbiased estimation, then tested the classical assumption.

- a) Normality test
To detect whether the data is normally distributed or not, it can be tested with Kolmogorov Smirnov. Can be seen from the table below as follows:

Table 4: Normality Test Results

	DP	BH	PDB	TBBK
Mean	109291.5	63.95250	7231192.	7.666667
Median	85418.00	64.07500	6933020.	7.500000
Maximum	248007.0	74.27000	12406800	12.75000
Minimum	15232.00	53.90000	2774281.	4.750000
Std. Dev.	84855.49	5.906300	3262843.	2.143524
Skewness	0.348920	0.049556	0.190573	1.009747
Kurtosis	1.555273	2.657421	1.741393	3.711821
Jarque-Bera	1.287108	0.063592	0.864682	2.292524
Probability	0.525422	0.968704	0.648988	0.317823

SOURCE: RESULTS OF EViews 9 (PROCESSED), 2017

From the results kolmogorov smirnov test in Table 4 above shows that the value of K-S is 0.419 with significant value 0.995. This statistically shows the value of K-S is greater than alpha value ($\alpha = 0,05$). This means H_0 is received which means the residual in this study is normally distributed.

a. Autocorrelation Test

Test autocorrelation in this study using Breusch-Godfrey Test (BG test), which other name Test Lagrange-Multiplier (Multiplication Lagrange)

Table 5: Autocorrelation Test Results

Breusch-Godfrey Serial Correlation LM Test:			
F-statistic	1.226281	Prob. F(2,6)	0.3577
Obs*R-squared	3.481874	Prob. Chi-Square(2)	0.1754

Source: Eviews Results 9 (processed), 2017
The Probability value of obs * R-squared is 0.1754 much larger than 5% indicating that the data does not contain autocorrelation problems.

a. Heteroscedasticity Test

This test aims to test whether in the regression model there is a residual variable inequality one observation to another observation. Test method used is White Test. Basic decision-making on heteroscedasticity test that is: If significant value greater than 0,05 hence not happened heteroscedasticity and if significant value less than 0,05 hence happened heteroscedasticity.

Table 6: heteroscedasticity Test Results

Heteroskedasticity Test White			
F-statistic	29.41002	Prob. F(9,2)	0.0333
Obs*R-squared	11.91001	Prob. Chi-Square(9)	0.2184
Scaled explained SS	2.864026	Prob. Chi-Square(9)	0.9694

Source: Results of EViews 9 (processed), 2017

Based on Table 6 it is known that the Probability value of Obs * R-squared is 11.91001 and the probability value is 0.2184 much larger than 5% it can be said that the research data is not heteroscedasticity.

a. Multicollinearity Test Results

The multicollinearity test uses the VIF (Variance Inflation Factor) method and the tolerance value of each independent variable to the dependent variable. The common cutoff value used to indicate the presence of multicollinearity is Tolerance value <0.10 or equal to VIF> 10 (Ghozali, 2005).

Table 7: Multicollinearity Test Results.

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	2.62E+09	466.5375	NA
BH	654258.6	479.9006	3.723029
PDB	2.06E-06	22.75685	3.579153
TBBK	2599793.	29.14150	1.948550

Source: Results of Eviews 9 (processed), 2017

Based on Table 7 obtained by VIF values for all independent variables of 3.723029, 3.5799153, and 1.948550 is smaller than 10, so it can be concluded that the regression model is free from multicollinearity. From Table 3, we can see the effect of revenue, GDP and conventional bank interest rate on demand for financing on syariah banking Period 2005-2016. The results of multiple linear regression analysis with economic test, statistical test, and classical assumption test, it can explain as follows:

- 1) Constant value of 63,534,66 means that if profit sharing, GDP and interest rate of conventional bank is zero, then demand for financing in syariah banking is Rp 63,534,66 milliard.
- 2) The regression coefficient of yield (3.191,348) means that if there is a profit-sharing increase of 1%, it reduces the demand for financing of Rp 3,191,348 billion, where GDP and conventional bank interest rates are constant and vice versa.
- 3) The regression coefficient of gross domestic product 0.032 means if there is an increase of GDP of Rp 1 billion, then increase the demand for financing of Rp 32.000.000, - where the profit sharing and conventional bank interest rates are constant and vice versa.
- 4) Regression coefficient of conventional bank interest rate of 2,716,403 means that if there is a 1% increase in lending rate, it will increase the financing demand of Rp 2,716.403 billion where the profit sharing and GDP are constant and vice versa.

2. Sensitivity Analysis

Based on the calculation of sensitivity of three independent variables obtained the following results:

Table 8: Elasticity Developments Demand for Financing, Revenue Elasticity Financing, And Cross Elasticity Financing Year 2005-2016.

Year	Request for Financing	$\epsilon_p = b_1$ BH/DP x	$\epsilon_r = b_2$ PDB/DP x	$\epsilon_c = b_3$ TBBK/DP x
2005	15.232	11,29291342	5,76858155	2,273774833
2006	20.445	8,666355635	5,17288699	1,295423294
2007	27.944	6,871722343	4,47798058	0,777670484
2008	38.195	5,427672891	4,10354389	0,657853849
2009	46.886	4,484876503	3,78705102	0,376586177
2010	68.181	3,039178446	2,99474477	0,25896686
2011	102.655	1,962280315	2,28903116	0,158768867
2012	147.505	1,350922132	1,76700996	0,105890087
2013	184.122	1,095778997	1,64209142	0,110649583
2014	199.330	1,062288365	1,6788269	0,105614425
2015	212.996	1,112797498	1,71608807	0,095649789
2016	248.007	0,9349871	1,5844237	0,052026412
Mean	109.292	3,941814471	3,081855	0,522406222

Source: Processed results, 2017

a. Elasticity of Financing Demand

The calculation of price elasticity of financing demand is known that the profit-sharing variable has a positive elasticity value of 3.94 ($\epsilon_p > 1$), then it can be categorized as elastic financing demand.

b. Elasticity of Financing Income

The calculation of the elasticity of the financing income is known that the Gross Domestic Product has a positive elasticity value of 3.08 ($\epsilon_i > 1$), then it can be categorized as financing as Luxuries goods.

c. Cross-financing Elasticity

The calculation of cross-financing elasticity is positive 0,52. ($\epsilon_c > 0$), it can be categorized that the interest rate of a conventional bank is a substitution of profit sharing.

2. Research Discussion

1.1. Regression Analysis

a. Effect of Profit Sharing on Demand for Financing on Syariah Banking Period 2005-2016

Based on regression result, revenue share has negative effect (3191,348) with significance 0,004 to financing demand in syariah banking. Negative value in accordance with the theory that states that there is a negative relationship and influence for the results of demand for financing in Islamic banking. This means that partial profit sharing significantly affects the demand for financing for the period of 2005-2016, meaning that the profit sharing rate decreases the demand for financing has increased, on the contrary. Profit sharing is expressed in the form of a certain percentage determined by Islamic banks, as well as a ratio or profit ratio obtained from Islamic banks and customers of the results of the business has been mutually agreed. If the percentage of profit sharing set by Islamic banks is high, the beneficiary is the owner of capital (bank). Thus reducing customer demand for financing. Because the amount of the profit sharing ratio that has been set must be paid by the customer to the owner of capital (bank). Thus customers make financing requests on low profit sharing. This research is in line with research of Jihad and M. Nadratauzzaman Hosen in 2009 states that murabahah financing margin has a negative and significant effect.

b. The Influence of Gross Domestic Product (GDP) on Demand for Financing on Syariah Banking Period 2005-2016
The regression result states that GDP has a positive effect of 0.032 with 0,000 significance to the demand for financing in syariah banking. Positive value on the regression coefficient in accordance with the theory that says that the positive influence of GDP on demand for financing in Islamic banking. This means that GDP partially significant effect on demand for financing in syariah banking, Period 2005-2016. It is caused if PDB increases then the demand for financing in Islamic banking will also increase, on the contrary. PDB seen from customer income in syariah banking, the increase in customer income will affect the level of customer consumption is experiencing an increase. This research is in line with research conducted by Lia Andrianipada Year 2010 which states that PDB has a positive and significant impact on demand for financing in syariah banking in Indonesia Period 2003-2009.

c. Effect of Interest Rate of Conventional Bank on Demand for Financing on Syariah Banking Period 2005-2016
Regression result stated that the interest rate of conventional bank has a positive influence of 3043,810 with a significance of 0.074 to the demand for financing in syariah banking. This means that the interest rate of conventional banks partially has no significant effect on demand for financing in syariah banking Period 2005-2016. Positive value on conventional bank interest rate coefficient shows that the interest rate in conventional bank has positive effect on financing demand in syariah banking, so if conventional bank interest rate

increases relative profit sharing rate in syariah banking will decrease, so that demand for financing will increase. Therefore, customers will choose syariah banking as an alternative to do the financing. The interest rate of conventional banks has an insignificant effect on the demand for financing in syariah banking because in Islam the use of interest is forbidden because interest is usury while *riba* law is haram and there is prohibition of Allah Subhanahu waTa'ala for the perpetrators of usury listed in the Qur'an Al-Baqarah verses 275-276 and 278-279, letters of Ali-'Imran verse 130 of Surat An-Nisaa' ayat 160-161, and Ar-Ruum verse 39. Even apart from Islam, in non-Muslim religions there is also a prohibition usury in their books.

1.1. Sensitivity Analysis

a) Sensitivity of Financing Demand Price

Based on the calculation of price elasticity of demand for financing, it is known that the demand for financing is demand for luxury goods, meaning that if there is a profit increase of 1%, the demand for financing will decrease by 3.94%.

b) Sensitivity of Financing Demand Revenue

Based on the calculation of income elasticity of the demand for financing positive value of 3.08 categorized Luxuries goods ($\epsilon_i > 1$), meaning that if there is an increase in GDP of 1%, causing the demand for financing increased 3.08%.

Based on Table 6, the trend of demand for financing continues to increase along with the increase in real sector activity. Thus the demand for financing will shift, from demand for luxury goods (Luxuries goods) to normal goods demand. This shift is expected to increase the real sector, so demand for financing increases.

c. Cross Sensitivity of Financing Requests

Based on the calculation of cross-financing elasticity, the value of 0,52 ($\epsilon_c > 0$ / positive) is categorized that the interest rate of conventional bank is a substitution of profit sharing, which means that the increase of interest rate of conventional bank increases the demand for financing, the greater the cross elasticity value of large financing demand. increased demand for financing. The value of cross-elasticity of positive financing demand means, if there is an increase of 1% conventional bank interest rate, the total demand for financing increases 0,52%. This value indicates the interest rate of the conventional bank substitution against the revenue share.

5 CONCLUSION AND RECOMMENDATIONS

CONCLUSION

- 1) Profit sharing, the gross domestic product and the interest rate of the conventional bank simultaneously have a significant effect on the demand for financing in syariah banking, which partially, the profit share has a negative and significant effect on the demand for financing, the gross domestic product has a positive and significant effect on the demand for financing, and the interest rate of conventional banks have positive and insignificant effect on demand for financing. This is in line with the research hypothesis, with its magnitude of influence (Adj.R²) 99.06%.
- 2) Elasticity value of financing demand in syariah banking can be categorized as sensitivity during the observation

period of 3.94 or $\epsilon_P > 1$, so said the demand for financing in Islamic banking is elastic.

- 3) The value of income elasticity to financing demand in syariah banking during the observation period is 3.08 or $\epsilon_I > 1$, thus categorized as luxuries goods.
- 4) Cross elasticity of demand for syariah banking financing 0.52 or $\epsilon_C > 0$, categorized by conventional bank interest rate substitution to profit sharing. The increase in interest rates of conventional banks led to relatively more profit-sharing results, so that demand for financing has increased.

RECOMMENDATIONS

From the conclusions that have been described, it can be put forward some suggestions as follows:

- 1) With the nature of demand for financing in syariah banking that is elastic, it is expected that Islamic banks not to raise revenue share in order to maintain demand for financing, if this can not be done then, at least maintain it.
- 2) The categorization of demand for financing as luxuries goods, it is expected to syariah banks to respond to demand for financing with professionals in order to expect an increase in economic activity of the real sector, in line with the active role of government in this case BI and OJK, so as to optimize revenue .
- 3) The demand for financing with a large cross elasticity of zero (positive), indicates that the community is not yet optimal in implementing worship into muamalah, or still separation of worship with muamalah (secular). This is proof that the majority Muslim community ($\pm 80\%$), making the share as a substitute of the interest rate of conventional banks. It is expected that in many parties, the government, the authorities, and the players of the financial services industry, in congregation people to behave and act in accordance with syariah.
- 4) For subsequent research is expected to add other macroeconomic variables such as income per capita, and other demographic variables, the population of both Muslims and non-Muslims, as well as efforts made by banks to increase demand for financing (promotion), as well as policies made BI and OJK.

ACKNOWLEDGMENT

The authors wish to thank Faculty of Economics and Business of Riau University Indonesia.

REFERENCES

- [1] A.McEachern, William. 2000. Macroeconomics: a Contemporary Approach. A. Salemba Four, Jakarta.
- [2] Abu Dawud, Sunan Abu Dawud. 2009. Dar Al-Risalah, Volume 5. Riyadh.
- [3] Antonio, Muhammad Shafi'i. 2001. Bank syariah from theory to practice. Gema Insani Press, Jakarta
- Arifin, Imamul and Hadi, Gina. 2009. Opening the Economic Horizon. Grafindo, Bandung.
- [4] Ascarya. 2008. Akad & Produk Bank Syariah. PT. Grafindo Persada, Jakarta.
- [5] Burhan, Aslichan. 2007. Basic Operational Concept of

- BMT, Model LKMS Mandiri and Mengakar in Society. National Seminar Paper BEMJ Muamalat Faculty of Syariah UIN June 5, 2007, Jakarta.
- [6] Dendawijaya, Lukman. 2000. Banking Management. Galia Indonesia, Jakarta.
- [7] Ghozali, Imam. 2005. Econometrics. Agency Publisher UNDIP, Semarang.
- [8] Gujarati, Damondar. 2006. Basic Econometrics. Erlangga, Jakarta.
- [9] Hasan. Iqbal, M. 2010. Analysis of Research Data With Statistics. Bumi Aksara, Jakarta.
- [10] Hasan. 2006. The Influence of Quality of Syariah Banking Services To Customer Satisfaction At Bank Muamalat Indonesia Branch Semarang. Journal of Economics and Business. Vol. 1 No. 1.
- [11] Wahid Hasyim. 2006. Semarang Hasibuan, Malayu. 2001. Fundamentals of Banking. Bumi Aksara, Jakarta.
- [12] Huda, Nurul DKK. 2009. Macro Economy Theoretical Approach. Kencana, Jakarta.
- [13] Joesron, S. Tati. 2003. Theory of Micro Economics. Salemba Four, Jakarta.
- [14] Karim Adiwarman. 2004. Islamic Bank Fiqh & Financial Analysis. PT. Raja Grafindo Persada, Jakarta.
- [15] Karl, Case and Fair, Ray. 2002. Principles of Micro Economy. Fifth Edition. Prehallindo, Jakarta.
- [16] Cashmere. 2008. Banking Basics. Raja Grafindo Persada, Jakarta.
- [17] M. Nadratauzzaman, Hosen. 2009. Factors Affecting Demand for Murabaha Financing of Bank Syariah in Indonesia from January 2014 to December 2008. Journal of Economics.
- [18] Machmud, Amir and Rukmana. 2010. Bank Syariah, Empirical Policy and Study Theory In Indonesia. Erlangga, Jakarta.
- [19] Manurung Mandala and Prathama Rahardja. 2004. Money, Banking, and Monetary Economics (Indonesian Constitutional Review). Faculty of Economics, University of Indonesia, Jakarta.
- [20] Mankiw, Gregory N. 2007. Macroeconomics. Sixth Edition. Erlangga, Jakarta.
- [21] Marshall, Robert and Miranda. 2003. Popular Dictionary of Money and Bank. Library field and Intimedia, Jakarta.
- [22] Muhammad. 2005. Syariah Bank Management. UPP AMP YKPN, Yogyakarta.
- [23] Pure, Asfia and Lia Amaliawati. 2012. Macro Economics. Refika Aditama, Bandung.
- [24] Nawawi, Hadari. 1994. Applied Research. Gajah Mada Press, Yogyakarta.
- [25] Nazir, Habib and Muhammad Hasanuddin. 2004. Encyclopedia of Economics and Islamic Banking Cet. To 1. Sky Feet, Bandung.
- [26] Nopirin. 2013. Monetary Economics. BPFE, Yogyakarta.
- [27] Regulation of RI Law no. 10 of 1998 dated November 10, 1998 on Banking and Intimedia.
- [28] Putong, Iskandar. 2003. Introduction to Micro and Macro Economics. Ghalia Indonesia, Jakarta
- [29] Praja, S Juhaya. 2013. Syariah Banking Management. Faithful Library. Bandung.
- [30] Pratin and Akhyar Adnan. 2005. Analysis of Savings Relation, Own Capital, NPL, Percentage of Profit Sharing and Markup Benefits to Financing of Islamic Banking Case Study at Bank Muamalat Indonesia (BMI). Journal. Balai DIKLAT Finance III Yogyakarta and Faculty of Economics of Islamic University of Indonesia.
- [31] Rahman, Supandi, Rio manoarfa and Mahdalena. 2014. Influence of Inflation Rate and Interest Rate of Conventional Bank on Murabahah Financing Demand at Syariah Bank in Indonesia. Journal. Faculty of Economics and Business, State University of Gorontalo. Raharja Prathama and Mandala Manurung. 2000. An Introduction to Micro Economics, LPFE UI.
- [32] Ridwan, Muhammad. 2004. Management of Baitul Maal Wat Tamwil (BMT), UII Press, Yogyakarta.
- [33] Rivai, Veithzal et al. 2007. Bank and Financial Institution Management Conventional and Syariah System. 1 st Edition. PT Raja Grafindo Persada. Jakarta.
- [34] Rofiq, Ahmad. 2004. Contextual Fiqh from Normative to Social Meaning, Yogyakarta.
- [35] Rose, Peter S. and James W. Kolari. 1995. Financial Institution: Understanding and Managing Financial Services. Richard D.Irwin, Inc., USA.
- [36] Roswita, AB. 2000. Monetary Economics Theory, Problems and Policy, Sriwijaya University, Palembang
- [37] Samuelson, Paul A and William D. Nordhaus. 1992. "Economics", 15th Edition, McGraw Hill.
- [38] Siamat, Dahlan. 1993. Management of Commercial Banks. Intermedia, Jakarta.
- [39] Sudaryono. 2014. Theory and Applications in Statistics. Andi, Yogyakarta.
- [40] Sugiarto, et al. 2002. Microeconomics A Comprehensive

Study. Fifth Edition. Gramedia Pustaka Utama, Jakarta.

- [41] Sukirno, Sadono. 2012. Micro Economic Theory Introduction. Raja Grafindo Persada, Jakarta.
- [42] Supranto, 2001. Measuring the Level of Customer Satisfaction To Increase Market Share. Rineka Cipta, Jakarta.
- [43] Triandaru, Sigit and Totok Budisantoso. 2009. Banks and Other Financial Institutions. Salemba Four, Jakarta.
- [44] Tri Kunawaningsih Pracoyo Antyo Pracoyo. 2006. Basic Aspect of Micro Economy. PT Grasindo, Jakarta.
- [45] Banking Development Team Syariah Banking Institute of Indonesia. 2003. Bank Syariah: Concept, Product and Operational Implementation. Djambatan, Jakarta.
- [46] Wirdyaningsih and Karnaen Perwataadmadja. 2005, Bank and Islamic Insurance in Indonesia edition 1. Kencana Prenada Media, Jakarta