

**DAMPAK PENDAPATAN MURABAHAH, MUDHARABAH,
DAN MUSYARAKAH TERHADAP ROE: PERAN MODERASI
UKURAN BANK SYARIAH (Q1 2018- Q3 2023)**

**THE IMPACT OF MURABAHAH, MUDHARABAH, AND
MUSYARAKAH INCOME ON ROE: THE MODERATING
ROLE OF SHARIA BANK SIZE (Q1 2018–Q3 2023)**

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Abstract

This study aims to evaluate the impact of Murabahah, Mudharabah, and Musyarakah income on the Return on Equity (ROE) of Sharia banks in Indonesia over the period Q1 2018 to Q3 2023. Firm size was used as a moderating variable to assess whether the relationship between these income types and ROE is influenced by bank size. The research used secondary data obtained from the quarterly financial reports of major Sharia banks in Indonesia, selected through purposive sampling. The analytical methods used were panel data regression and moderated regression analysis (MRA). The results reveal that Murabahah income has a significant positive effect on ROE, while Musyarakah income has a significant negative effect. In contrast, Mudharabah income shows no significant impact on ROE. Regarding the moderating effect, firm size strengthens the relationship between Musyarakah income and ROE (positive effect) but weakens the relationships between Murabahah and Mudharabah income and ROE (negative effects). This study provides empirical contributions by uncovering the varying patterns of association between Sharia financing income and ROE based on firm size. Besides, this study theoretically enriches the literature on Sharia bank profitability by incorporating firm size as a moderating factor. The research is relevant for medium- to long-term perspectives, given the moderating effects that depend on the scale and operational complexity of Sharia banks.

Keyword: *Murabahah income, Mudharabah income, Musyarakah income, ROE, Firm Size*

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Abstrak

Penelitian ini bertujuan untuk mengevaluasi dampak pendapatan Murabahah, Mudharabah, dan Musyarakah terhadap Return on Equity (ROE) bank syariah di Indonesia selama periode Q1 2018 hingga Q3 2023. Ukuran perusahaan digunakan sebagai variabel moderasi untuk menilai apakah hubungan antara jenis-jenis pendapatan ini dan ROE dipengaruhi oleh ukuran bank. Penelitian ini menggunakan data sekunder yang diperoleh dari laporan keuangan triwulanan bank-bank syariah besar di Indonesia yang dipilih secara purposive sampling. Metode analisis yang digunakan adalah regresi data panel dan moderated regression analysis (MRA). Hasil penelitian menunjukkan bahwa pendapatan Murabahah berpengaruh positif signifikan terhadap ROE, sedangkan pendapatan Musyarakah berpengaruh negatif signifikan terhadap ROE. Sebaliknya, pendapatan Mudharabah tidak menunjukkan dampak yang signifikan terhadap ROE. Mengenai efek moderasi, ukuran perusahaan memperkuat hubungan antara pendapatan Musyarakah dan ROE (pengaruh positif) tetapi memperlemah hubungan antara pendapatan Murabahah dan Mudharabah dengan ROE (pengaruh negatif). Penelitian ini memberikan kontribusi empiris dengan mengungkap berbagai pola hubungan antara pendapatan pembiayaan syariah dan ROE berdasarkan ukuran perusahaan. Selain itu, penelitian ini secara teoritis memperkaya literatur mengenai profitabilitas bank syariah dengan memasukkan ukuran perusahaan sebagai faktor moderasi. Penelitian ini relevan untuk perspektif jangka menengah dan panjang, mengingat efek moderasi yang bergantung pada skala dan kompleksitas operasional bank Syariah.

Kata kunci: *Pendapatan Murabahah, Pendapatan Mudharabah, Pendapatan Musyarakah, ROE, Ukuran Perusahaan.*

A. Introduction

This study aims to investigate the effect of *Murabahah*, *Mudharabah*, and *Musyarakah* revenues on Return on Equity (ROE) of Islamic banks in Indonesia by considering firm size as a moderating variable. While numerous studies have examined the performance of Islamic banks, the novelty of this research lies in its exploration of how firm size moderates the relationship between Islamic financing product revenues and ROE. Previous studies have primarily focused on the direct impact of Islamic financing on financial performance, often overlooking the potential impact of firm size in strengthening or weakening this relationship. Empirical gaps also exist, as prior studies have reported mixed findings regarding the effect of *Murabahah*, *Mudharabah*, and *Musyarakah* revenues on Islamic bank profitability. For example, some studies show a positive effect of Murabahah income on ROE, while other studies show the opposite results (Anggreyni, 2019).

A theoretical gap also exists because Islamic finance theory, which emphasizes the principle of profit sharing in *Mudharabah* and *Musyarakah* products, is often not fully reflected in practice, particularly in the short- and long-term performance of Islamic banks. From a methodological perspective, previous studies have primarily employed ordinary linear regression approaches without incorporating moderating variables. As a result, they have failed to capture the significant role that firm size plays in influencing bank performance (Verizaliani, 2021).

Return on Equity (ROE) was selected over Return on Assets (ROA) in this study because ROE provides a more specific and comprehensive measure of how effectively the capital invested by shareholders generates profits. ROE is an important indicator because it reflects the extent to which bank management is able to manage available equity to create added value and profits for shareholders. In other words, ROE measures the bank's ability to optimize its own capital to generate net income, so it is a major concern for investors who want to assess the rate of return on their investment (Daulay, 2019).

Unlike ROA, which focuses only on total assets to assess profitability, ROE is more relevant in the context of Islamic banking because equity-based performance assessment reflects the principles of transparency and fairness on which Islamic banks operate. In Islamic banks, most of the funding comes from equity-based products, such as *Mudharabah* and *Musyarakah*, which place the capital owners as business partners with profit-sharing rights. Therefore, ROE provides a deeper understanding of the extent to which these sharia-based products are able to provide optimal returns on invested capital (Nugroho & Faozan, 2022).

Moreover, ROE is particularly relevant for evaluating a bank's ability to gain the trust of shareholders and other stakeholders, as it directly reflects the distribution of profits and potential dividends. A high ROE not only demonstrates efficient capital management but also signals the bank's capacity to enhance profitability, thereby fostering sustainable growth (Rahmi et al., 2018). Considering the unique characteristics of Islamic banking, which are rooted in the principles of profit and loss sharing, ROE serves as a more precise metric for assessing the effectiveness of equity resource management. In contrast, ROA tends to provide a more generalized perspective (Suci, 2022).

By focusing on ROE, this study is expected to provide a more meaningful contribution to understanding the dynamics of Islamic bank profitability. It serves as a valuable reference for management, investors, and stakeholders in assessing the performance and future prospects

of Islamic banking. Specifically, the study aims to examine the impact of *Murabahah*, *Mudharabah*, and *Musyarakah* income on the ROE of Indonesian Islamic banks from Q1 2018 to Q3 2023, with firm size considered as a moderating variable.

B. Theoretical Framework Murabahah

Murabahah is a financing method in which Islamic banks purchase goods required by customers for purposes such as working capital or short- and long-term investments, whether domestic or international. The bank earns profit through a pre-agreed margin included in the contract. In simple terms, Murabahah is a sale-and-purchase agreement between a bank and a customer. The bank initially buys the goods on behalf of the customer and then sells them back with an added profit margin, as agreed. The transaction requires the bank to disclose the purchase price transparently before adding the profit margin.

Islamic banks, as financial institutions operating under Sharia principles, avoid elements such as *riba* (interest), *gharar* (uncertainty), and *maysir* (gambling). Their business activities are guided by fairness, transparency, and shared risks and profits through various products like Murabahah, Mudharabah, Musyarakah, and Ijarah. The uniqueness of Islamic banks lies in their adherence to Sharia-compliant contracts, which are supervised by a Sharia supervisory board (Satria & Saputri, 2016).

Murabahah, as one of the main products of Islamic banks, is a solution for customers who need financing with a transparent mechanism and based on sharia principles. With the Murabahah contract, provides customers with a transparent, Sharia-based financing solution. Islamic banks not only act as fund providers but also as transaction partners, emphasizing fair sale-and-purchase principles. Unlike profit-sharing products, the risk in Murabahah transactions is relatively lower since the bank's profit is predetermined and independent of the customer's business performance.

Understanding the role of Islamic banks as institutions grounded in Sharia principles is crucial for building a strong theoretical framework for Murabahah products. The purpose of Islamic banks is to establish a fairer and more inclusive financial system, fostering sustainable economic growth in alignment with Islamic values (Melina, 2020).

Mudharabah

Mudharabah originates from the Arabic word *darb*, which literally means "to

strike." In this context, "striking" refers to generating positive profit from a business or endeavor. Technically, Mudharabah is a partnership contract between two parties: the first party (shahibul mal) provides all the capital (100%), while the second party acts as the manager. The business profits are shared based on the agreement outlined in the contract, whereas any losses are borne solely by the capital provider, provided the losses are not due to the manager's negligence (Satria & Saputri, 2016).

Mudharabah is a cooperative agreement between the owners of capital and the managers of capital, where profit and loss sharing is determined by mutual agreement among all parties involved (Latif, 2020).

Musyarakah

Musyarakah is a cooperative agreement between two or more parties for a specific business venture, where each party contributes funds according to mutually agreed terms. Profits are shared based on the prior agreement, while losses are borne in proportion to each party's contribution. These contributions may consist of cash or non-cash assets, provided they align with Shariah principles (Neneng Widianengsih et al., 2020). Thus, Musyarakah represents a business collaboration in which both parties share the outcomes of their efforts based on a pre-determined profit-sharing arrangement (Nur & Mukhlis, 2020).

ROE (Return on Equity)

ROE (Return on Equity) is the ratio of net income, before interest and taxes, to equity. It was chosen as the key metric in this study because it serves as a critical indicator of a company's efficiency in generating profits. ROE reflects the ability of equity to produce returns (Medyawicesar et al., 2018). As a profitability measure, ROE evaluates management's effectiveness in maximizing shareholder returns based on the equity utilized by the company. A higher ROE indicates stronger performance, suggesting that the company is successfully generating significant returns for its shareholders (Suci, 2022).

Company Size

Company size ratio serves as a key parameter reflecting the scale of a company, typically determined by total sales, total assets, and average earnings. Larger companies generally enjoy better access to capital markets. Company size can be estimated through

various approaches, including total assets, total revenues, stock ownership, and the number of shareholders (Hanif, 2017). In financial analysis, company size is often measured using proxy indicators such as the number of employees, total assets, revenue, and market capitalization. It plays a crucial role in financial reporting, as it influences a company's operational capabilities and access to resources. In the context of this study, company size is measured by considering the total value of assets, which reflect a company's rights, liabilities, and equity. This provides insights into the company's financial strength and capacity to support its performance. However, larger company size can also lead to more complex agency challenges, such as conflicts of interest between management and shareholders (Rahmi et al., 2018).

The Impact of Murabahah on ROE

Murabahah is a key financing method used by Syariah banks, involving a sale and purchase agreement where the bank transparently discloses the base purchase price along with a predetermined profit margin to the customer. According to Kasmir (2002), this method ensures transparency and fairness, as the bank must inform the customer of both the cost and the agreed profit in advance. Research indicates that revenues from Murabahah transactions have a significant positive impact on the Return on Equity (ROE) of Bank Syariah Mandiri, Tbk. This highlights the contribution of Murabahah financing to enhancing the profitability of Islamic banks, aligning with the principles of transparency and equitable trade.

For example, a study investigating the impact of Murabahah, Mudharabah, and Musyarakah financing on ROE found that while Murabahah income positively influences ROE, other unexamined variables may also contribute to financial performance (Wulandari & AC, 2023). This underscores the multifaceted nature of profitability in Islamic banks, where various factors interact. Based on this, a hypothesis can be proposed: H1: Murabahah has a positive or negative effect on ROE. This hypothesis highlights the need for further empirical research to clarify the extent of Murabahah's influence on bank profitability (Fadilah & Diana, 2023).

To strengthen this hypothesis, it is essential to reference high-quality international journals (Yusuf & Widjiantoro, 2023). For example, research published in reputable journals indicates that Murabahah financing significantly affects profitability metrics such as ROE, underscoring its importance in Islamic banking practices (Purwanto, 2019).

Furthermore, studies demonstrate that while Murabahah contributes positively to income quality, its relationship with ROE may fluctuate depending on other financial indicators and prevailing market conditions (Basri et al., 2022). These findings underscore the importance of understanding the interplay between Murabahah financing and profitability, enabling stakeholders in Islamic finance to refine their strategies and improve financial performance.

The Impact of Mudharabah Income on ROE

According to Syafi'i Antonio (2007), "*Al-Mudharabah* is a business cooperation agreement between two parties, where one party provides all the capital (100%) and the other party acts as the manager," with profits shared according to a pre-agreed ratio. The income generated from Mudharabah transactions has been shown to have a positive and significant impact on the Return on Equity (ROE) of Bank Syariah Mandiri, Tbk. This conclusion aligns with findings from studies that investigate various Islamic financing methods, including Mudharabah and Musharakah. However, it is essential to acknowledge that other variables not incorporated in these studies may also influence the results (Novianti, 2019).

To strengthen this hypothesis, it is essential to reference high-quality international journals. For example, a study published in the *Journal of Islamic Accounting and Business Research* emphasizes that Mudharabah financing significantly contributes to the profitability of Islamic banks, reinforcing its role in enhancing ROE (Aziz et al., 2013). Additionally, research found in *Islamic Finance: Law and Practice* discusses how Mudharabah contracts facilitate risk-sharing and profit distribution, which can lead to improved financial performance for banks (Yurista & Ardi, 2019). Furthermore, an article in the *International Journal of Islamic and Middle Eastern Finance and Management* highlights that effective management of Mudharabah funds can positively impact bank profitability metrics. Based on this understanding, a relevant hypothesis can be formulated: H1: Mudharabah has a positive or negative effect on ROE. This hypothesis invites further empirical research to explore the nuances of how Mudharabah influences financial outcomes in Islamic banking while considering additional variables that may affect these dynamics.

The Musyarakah Impact on ROE

Musyarakah is a collaborative agreement between two or more parties for a specific venture, where each party contributes funds or resources with the understanding that profits and risks will be shared according to a pre-established agreement. This is in line with the explanation given by Kasmir (2002) and (Ilham, 2016). Revenues generated from Musyarakah financing have been shown to have a positive and significant effect on the Return on Equity (ROE) of Bank Syariah Mandiri. These findings are discussed in a study examining the impact of revenues from Mudharabah and Musyarakah-based financing on ROE at PT Bank Syariah Mandiri Tbk. However, it is important to note that other factors not addressed in this study may also influence these results (Sari, 2019).

The Impact of Murabahah Income on ROE with firm size as the moderating variable

The study conducted by Dy Ilham and Haryati found that Murabahah income has a positive and significant effect on the Return on Equity (ROE) of Bank Syariah Mandiri (Satria & Saputri, 2016). In Indonesian Islamic banks, firm size has a moderating effect on the relationship between Murabahah income and ROE. A larger firm size, such as that of Bank Syariah Mandiri, may influence profitability levels and management efficiency, both of which contribute to ROE (Hidayatullah, 2021).

The Effect of Mudarabah Income on ROE with Firm Size as a Moderating Variable

To strengthen the argument regarding the moderating effect of firm size on the relationship between Mudarabah income and Return on Equity (ROE), it is essential to incorporate additional references and a more coherent logical framework. Previous studies have confirmed that Mudarabah income positively impacts the ROE of Bank Syariah Mandiri, Tbk. However, the influence of firm size as a moderating variable remains underexplored and requires further investigation (Quratun, 2020). Understanding how firm size interacts with Mudarabah income to affect ROE can provide deeper insights into the financial dynamics of Islamic banks.

Larger banks, such as Bank Syariah Mandiri, often demonstrate higher profitability and management efficiency due to their ability to exploit economies of scale. This suggests that firm size could significantly impact the relationship between Mudarabah income and Return on Equity (ROE). For example, research shows that larger

Islamic banks generally perform better financially, with metrics like ROE benefiting from their capacity to diversify financing products and manage risks more effectively (Wahyuni, 2016). This observation is supported by findings from the **International Journal of Islamic and Middle Eastern Finance and Management**, which notes a positive correlation between firm size and profitability within the Islamic banking sector (Santosa, 2020).

Moreover, a study published in *IQTISHADIA* found that while firm size generally impacts profitability, it does not moderate the relationship between debt and equity-based financing and bank profitability as measured by ROA and ROE. This suggests that the impact of firm size may vary depending on the specific financial variables being analyzed (Wahyudi et al., 2019).

Based on these insights, the hypothesis can be formulated as follows: H1: Firm size moderates the positive relationship between Mudarabah income and ROE. This hypothesis suggests that as Bank Syariah Mandiri expands in size, the positive effect of Mudarabah income on ROE becomes more significant, driven by enhanced operational efficiencies and increased profit-generating capabilities.

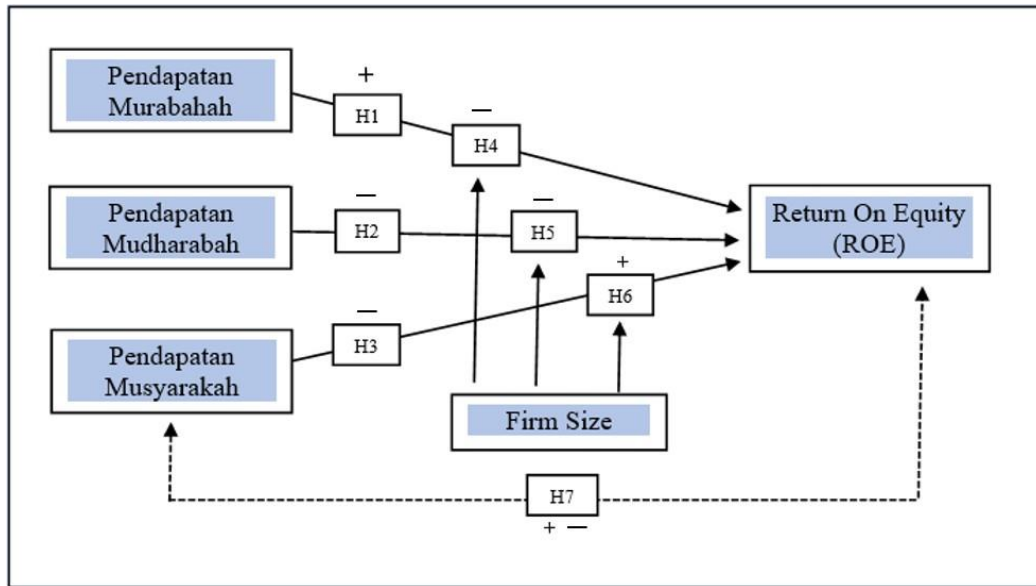
The Impact of Musyarakah Income on ROE with Company Size as a Moderating Variable

The company size acts as a moderating variable in the relationship between Musyarakah income and ROE. A study by Audifa and Mutiyah (2021) on a major sharia bank in Indonesia found that musyarakah income has a positive and significant effect on ROE. Furthermore, company size was identified as a moderator that influences this relationship. The research utilized statistical analysis techniques to explore the connection between musyarakah income and ROE while assessing the moderating effect of company size. The findings confirm that the data complies with classical assumptions and that musyarakah income significantly affects ROE (Audifa, 2021).

The Impact of Murabahah Income, Mudharabah Income, and Musyarakah Income on ROE

The relationship between the independent and dependent variables is as follows:

Figure 1.



Conceptual framework

Source: Author (2024)

C. Research Methodology

The study employed a quantitative methodology, utilizing secondary data obtained from annual reports available on idx.co.id and affiliated company websites. The population consisted of financial sector companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2023. A purposive sampling technique was used, where samples were selected based on specific criteria relevant to the research objectives. This method ensured that the sample was representative of the dynamics of the financial sector during the study period.

The period of 2018 to 2023 was chosen as it encompassed significant economic events, including the pre-COVID period (2018-2019), the COVID-19 pandemic (2020-2021), and the post-COVID recovery phase (2022-2023). By analyzing this timeframe, the study aimed to assess the impact of Mudarabah income and other financing methods on Return on Equity (ROE) across different economic conditions. This approach allowed for a more comprehensive understanding of how these variables interacted and influenced bank performance during both stable and uncertain economic periods.

To ensure the robustness of the findings, a robustness test was conducted, which involved the use of alternative model specifications or additional data sources. This

approach helped verify that the results remained consistent across different analytical frameworks. Conducting such tests enhanced the credibility of the findings and provided confidence that the results were not driven by specific model assumptions or sample selections.

In order to minimize potential bias in the sample selection process, measures were implemented to safeguard the integrity of the data. One important step in this process was performing a common method bias test, which examined whether variance in responses could be attributed to the measurement method rather than actual differences in the constructs being assessed. This was achieved using techniques such as Harman's single-factor test or marker variable methods to identify and control for any potential bias.

By addressing these concerns, the study aims to present more reliable conclusions regarding the relationship between Mudarabah income and ROE, while also accounting for possible moderating effects from firm size or other relevant variables.

Besides, purposive sampling was adopted to focus on relevant financial sector companies over a significant period encompassing pre-COVID, during COVID, and post-COVID periods. Robustness tests were conducted to validate the findings, and efforts were made to minimize sample bias through the assessment of common method bias. These methodological steps contributed to a thorough understanding of how Mudarabah income impacted ROE in varying economic contexts. Below is the model equation used for panel data regression analysis:

$$“Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e_i”$$

where:

Y = *Return on Equity* (ROE)

α = constant

β = regression coefficient

X1 = Murabaha income

X2 = Mudaraba income

X3 = Musharakah income

e_i = error

The hypothesis testing in this study used moderated regression analysis (MRA), a statistical technique that incorporates moderating variables into the regression model. The

regression equation included an interaction term, and the equation used for this analysis is as follows:

$$“Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 Z + \beta_5 X_1 * Z + \beta_6 X_2 * Z + \beta_7 X_3 * Z + e_i”$$

where:

$Y =$ Return on Equity (ROE)

$\alpha =$ constant

$\beta =$ regression coefficient

$X_1 =$ Murabaha income

$X_2 =$ Mudaraba income

$X_3 =$ Musharakah income

$e_i =$ error

D. Results and Discussion

1. Descriptive Analytics

Table 1.

Descriptive statistics

	X1	X2	X3	yes	figure
average	1074393.	28360.33	524801.7	0.067739	17.00652
Median	363988.0	15402.00	202520.0	0.140000	17.08000
maximum	11354171	221513.0	4722223.	5,000,000	19.58000
minimum	13891.00	0.000000	23919.00	-23.60000	15.45000
standard deviation	2067375.	37135.26	875018.6	2.372535	1.150835
observation	115	115	115	115	115

Source: Eviews 12 (data processed by the author)

From Table 1, it can be observed that the sample size for the financial sector consisted of 115 instances derived from bank financial reports covering the period from the first quarter of 2015 to the third quarter of 2023. Regarding the Murabahah income variable (X1), the descriptive statistics presented in Table 1 showed that the mean was 1,074,393, the median was 363,988.0, the maximum was 11,354,171, the minimum was

13,891.00, and the standard deviation was 2,067,375.

In the Mudharabah income variable (X2), it can be observed from the descriptive statistics that the mean value was 28,360.33, the median was 15,402.00, the maximum was 21,513.0, the minimum was 0.000000, and the standard deviation was 37,135.26.

For the Musyarakah income variable (X3), based on the descriptive statistics results presented in Table 1, it can be noted that the mean value was 524,801.7, the median was 202,520.0, the maximum was 4,722,223, the minimum was 23,919.00, and the standard deviation was 875,018.6.

Regarding the company size (Z) variable, the descriptive statistics in Table 1 showed that the mean value of the firm size variable was 17.00652, the median was 17.08000, the maximum was 19.58000, the minimum was 15.45000, and the standard deviation was 1.150835.

Lastly, for the ROE (Y) variable, based on the descriptive statistics results in Table 1, the mean value was 0.067739, the median was 0.140000, the maximum was 5.000000, the minimum was -23.60000, and the standard deviation was 2.372535.

Panel Data Regression Model Selection

The selection of a panel data regression model involved choosing the most suitable method among the common effects models (CEM), fixed effects models (FEM), or random effects models (REM).

Model Selection		
Test diet	—	Probability > 0.05 CEME
	—	Probability < 0.05 Finite Element Method
Hausman test	—	Probability > 0.05 brake
	—	Probability < 0.05 Finite Element Method
LM Test	—	Probability > 0.05 CEME
	—	Probability < 0.05 brake

1. Chow Test

The Chow test was conducted to determine the most appropriate model between the common effects model (CEM) and the fixed effects model (FEM).

Table 2.
Dietary test results

Efficacy Test	statistics	df	prob.
Section F	0.866397	(4,106)	0.4867
Chi-square cross section	3.699683	4	0.4482

Source: Eviews 12 (data processed by the author)

Based on Table 2, the results of the Chow test indicated that the cross-sectional chi-square probability value was 0.4482, which is greater than 0.05. This suggests that the most appropriate model to use in this test is the common effects model (CEM).

2. Lagrange Multiplier Test

The aim was to select the optimal model between the random effects model (REM) and the common effects model (CEM).

Table 3.**Hausman test results**

Hypothesis testing			
	cross section	time	both
	0.197249	0.137252	0.334501
Brois Pagan	(0.6570)	(0.7110)	(0.5630)

Source: Eviews 12 (data processed by the author)

Based on the results in Table 3, the LM test revealed that the Breusch-Pagan chi-square probability was 0.6570, which is greater than 0.05. Therefore, it was concluded that the most appropriate model to use in this test was the Common Effects Model (CEM).

Moderated Regression Analysis/MRA

Moderator variables can be interpreted as variables that strengthen or weaken the relationship between the independent and dependent variables. Below are the test results of the moderated regression analysis.

Table 4.**Moderated Regression Analysis/MRA Results**

Variable	Coefficient	Standard Error	t-Statistics	p-Value
C	-1.166275	1.186649	-0.982831	0.3279
X1 (Murabaha)	1.73E-06	1.82E-07	9.505761	0.0000

X2 (Mudarahah)	4.41E-06	3.85E-06	1.146620	0.2541
X3 (Musharakah)	-3.60E-06	2.85E-07	-12.62442	0.0000
Z (Firm Size)	-2.65E-06	2.19E-07	-12.07412	0.0000
Interaction Term (X1*Z)	-2.11E-05	7.13E-06	-2.964499	0.0037
Interaction Term (X2*Z)	5.99E-06	2.62E-07	22.90066	0.0000

Source: Eviews 12 (data processed by the author)

The hypothesis that Murabahah income has a positive effect on Return on Equity (ROE) was supported by the analysis results, which showed a positive and significant coefficient. This suggests that higher income from Murabahah leads to a higher ROE for the bank. In contrast, the hypothesis regarding the positive effect of Mudarahah income on ROE was not supported, as the analysis revealed an insignificant p-value, indicating that Mudarahah income did not have a significant effect on ROE in the context of this study. Furthermore, the hypothesis regarding the positive effect of Musyarakah income on ROE was also not supported, as the coefficient was negative, indicating that income from Musyarakah actually had a negative contribution to ROE.

Furthermore, company size had a significant negative impact on ROE and also moderated the effect of Murabahah and Mudarahah income on ROE. This indicates that, although Murabahah income contributes positively, its impact may be diminished in larger companies. These findings suggested that while Murabahah income was a strong contributor to ROE, Mudarahah and Musharakah income did not have a positive influence in the context of this study. This highlights the need for further investigation into these two types of income in the dynamics of Islamic banking profitability, in order to understand other factors that may be influencing the financial performance of Islamic banks.

Statistical Tests

- **T-Test**

The T-test is used to assess whether the independent variables have a significant partial effect on the dependent variable and to determine the effect of each independent variable on the dependent variable. The test was conducted at a significance level of 0.05, corresponding to a confidence level of 95% and an error rate of 5%.

Table 5.

T-test results

Variabel	Koefisien	Kesalahan Standar	Statistik t	Nilai p
C	0.573908	0,074000	7.755461	0.0000
X1 (Murabahah)	1.77E-06	1.81E-07	9.767718	0.0000
X2 (Mudharabah)	5.19E-06	3.83E-06	1.354189	0.1785
X3 (Musharakah)	-3.60E-06	2.86E-07	-12.55956	0.0000
X1*Z	-2.67E-06	2.20E-07	-12.15294	0.0000
X2*Z	-2.20E-05	7.14E-06	-3.076188	0,0027
X3*Z	6.05E-06	2.60E-07	23.30237	0.0000

Source: Eviews 12 (data processed by the author)

Based on the partial T-test conducted in this study, the results obtained from the test are as follows:

- 1) **(H1)**: The impact of Murabahah income on ROE showed a coefficient value of 1.77E-06, with a p-value of 0.0000, which is less than the significance threshold of 0.05. This indicates that Murabahah income had a significant positive impact on ROE during the period from Q1 2018 to Q3 2023.
- 2) **(H2)**: The impact of Mudharabah income on ROE showed a coefficient value of 5.19E-06, with a p-value of 0.1785, which is greater than 0.05. This indicates that Mudharabah income did not have a significant effect on ROE during the period from Q1 2018 to Q3 2023.
- 3) **(H3)**: The impact of Musyarakah income on ROE showed a coefficient value of -3.60E-06, with a p-value of 0.0000, which is less than 0.05. This result indicates that Musyarakah income had a significant negative impact on ROE during the period from Q1 2018 to Q3 2023.
- 4) **(H4)**: The moderating effect of firm size on the relationship between Murabahah income and ROE showed a coefficient value of -2.67E-06, with a p-value of 0.0000, indicating a significant negative moderating effect. This suggests that as firm size increases, the positive impact of Murabahah income on ROE diminishes

during the study period.

- 5) **(H5)**: The moderating effect of company size on the relationship between Mudharabah income and ROE showed a coefficient value of $-2.20E-05$, with a p-value of 0.0027, which is less than 0.05. This indicates that company size had a significant negative moderating effect on the relationship between Mudharabah income and ROE. Larger company sizes reduced the influence of Mudharabah income on ROE during the study period.
- 6) **(H6)**: The moderating effect of firm size on the relationship between Musyarakah income and ROE showed a coefficient value of $6.05E-06$, with a p-value of 0.0000, indicating a significant positive moderating effect. This suggests that larger firm sizes enhanced the negative relationship between Musyarakah income and ROE during the study period.

(Source: Data processed by the author)

Coefficient of Determination Test

Table 6.

Coefficient of determination test results

Adjusted R-squared	0.936301
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Source: Eviews 12 (data processed by the author)

According to Table 11, the results of the panel data regression test, with firm value as the dependent variable, showed that the adjusted R-squared value was 0.936301. This indicates that 93.63% of the variation in ROE can be explained by Murabahah income, Mudharabah income, and Musyarakah income, while the remaining variation is attributed to other variables not included in the regression model.

Discussion

Impact Murabahah Income on ROE

The probability value for Murabahah income was 0.0000, which is less than the significance level of 0.05 or 5%. The test results indicated a positive relationship, with a coefficient value of $1.77E-06$ and a t-statistic of 9.767718, demonstrating that Murabahah

income has an impact on ROE. Thus, the analysis confirmed that Murabahah income has a significant positive impact on ROE, and the first hypothesis (H1), which posited that Murabahah income has a positive impact on ROE, was accepted. The results further showed that Murabahah does not have a negative impact on ROE. This could be attributed to the nature of the bank's profits, where products are sold at a price higher than the cash price upon agreement with the customer. However, from the customer's perspective, this may not be significantly different from an interest rate. Previous studies, such as the one conducted by Ajizah and Furniawan (2022), found that Murabahah income positively impacts ROE, aligning with the current study's findings, where the probability value was 0.0000, indicating a significant positive relationship (coefficient of 1.77E-06). This consistency across studies underscores the reliability of Murabahah as a key revenue stream for Islamic banks.

Impact Mudharabah Income on ROE

The research findings showed that Mudharabah income had no significant effect on Return on Equity (ROE), with a probability value of 0.1785, which is greater than 0.05. Additionally, the coefficient was 3.83E-06, and the t-statistic value was 1.354189, indicating that Mudharabah income did not have a direct impact on ROE. Thus, the hypothesis that Mudharabah income does not affect ROE was supported. The T-test results reinforced this conclusion, as the probability value greater than 0.05 indicated no significant impact. This finding suggests that, although Mudharabah income is popular in Islamic banking, it does not directly contribute to an increase or decrease in ROE during the studied period. This result is also consistent with previous research by Abda (2020), which concluded that Mudharabah income does not significantly affect ROE. In other words, this finding implies a negative consequence, as it suggests that Mudharabah income has limitations in improving profitability metrics, such as ROE.

Impact Musyarakah Income on ROE

Based on Table 9, the test results showed that the probability value for Musyarakah income was 0.0000, which is less than the significance level of 0.05 or 5%. The results also revealed a negative relationship, with a coefficient value of -3.60E-06 and a t-statistic of -12.55956. This indicates that Musyarakah income has a negative impact on ROE. Therefore, the analysis concluded that Musyarakah income negatively

impacts ROE and rejected the third hypothesis (H3), which stated that there was no impact. This negative impact may increase customers' interest in short-term Musyarakah financing at Islamic financial institutions. Conversely, if the impact of Musyarakah financing is long-term, it may encourage investors to cooperate with Islamic financial institutions.

The negative impact of Musyarakah income on ROE (coefficient of $-3.60E-06$) observed in this study supports earlier research by Fransisca (2021), which indicated that Musyarakah income can adversely affect financial performance metrics. This finding highlights a critical area for further investigation into how Musyarakah financing is structured and its implications for bank profitability.

Murabahah Income, Mudharabah Income and Musyarakah Income have an Overall Impact on ROE as Moderating Variabels.

Based on the findings in Table 10, it was concluded that Murabahah income, Mudharabah income, Musyarakah income, and company size significantly affected ROE. This was indicated by a significance value of 0.000000, which was less than the 0.05 threshold. These results suggested that ROE and company size together influenced company value. Therefore, the researcher's hypothesis (H7), which stated that Murabahah income, Mudharabah income, and Musyarakah income significantly affected ROE and company size, was supported. The coefficient of determination (R-squared) was calculated to be 0.936301, meaning that 93.63% of the variance in ROE could be explained by the three independent variables, while the remaining 6.37% was influenced by other factors. Hence, future studies could explore additional independent variables to further enrich the analysis.

The Impact Murabahah Income on ROE in Moderating Company Size

The test results showed that the probability value of Murabahah income was 0.0000, which was less than the significance level of 0.05 or 5%. The results indicated a negative relationship, with a coefficient value of $-2.67E-06$ and a t-statistic of -12.15294. This suggested that company size had a negative impact on ROE in relation to Murabahah income. Therefore, the analysis concluded that Murabahah income significantly reduced ROE, and the fourth hypothesis (H4) was rejected. It was hypothesized that company size negatively impacted Murabahah income in relation to ROE (Anggreyni, 2019). The study

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found that the right-sizing of company size had a positive impact on the relationship between Murabahah income and ROE. However, it also revealed that Murabahah income had a significant negative impact on the profitability (ROE) of the Indonesian Islamic banking sector.

The Impact Mudharabah Income on ROE in Moderating Company Size

Based on Table 9, the test results showed that the probability value of Mudharabah income was 0.0027, which was significant at the 5% level. The regression analysis results revealed a negative coefficient of $-2.20E-05$ and a t-statistic of -3.076188 , indicating that company size had a negative impact on Mudharabah income and ROE. Therefore, the analysis concluded that Mudharabah income had a significant negative impact on ROE, and the fifth hypothesis (H5), which stated that company size had a significant negative impact on Mudharabah income and ROE, was rejected. Mudharabah financing has become increasingly popular in the Islamic banking sector, where customers provide funds to the bank, which are then managed and invested under a profit-sharing agreement. ROE evaluates the efficiency of a bank in generating profits from shareholders' investments. This study aimed to investigate how Mudharabah income affected ROE by considering company size as a moderating variable, defined by the company's total assets (Fransisca, 2021).

The Impact Musyarakah Income on ROE with Company Size as a Moderator

Based on Table 9, the test results showed that the probability value of Musyarakah income was 0.0000, indicating that it was statistically significant at the 5% level. The regression analysis revealed a positive coefficient of $6.05E-06$ and a t-statistic of 23.30237 , suggesting that company size had a positive impact on Musyarakah income and ROE. Therefore, the analysis concluded that Musyarakah income had a significant positive impact on ROE, and the sixth hypothesis (H6), which stated that company size had a positive impact on Musyarakah income and ROE, was accepted.

Musyarakah income is a variable that can affect a company's ROE. The concept of Musyarakah involves cooperation between multiple parties for a business venture aimed at generating revenue, and this income from Musyarakah activities can significantly influence a company's ROE. Furthermore, the moderating effect of company

size refers to how the size of a company influences the relationship between Musyarakah income and ROE. Different company sizes may affect this relationship in varying ways. Larger companies may benefit from scale advantages in managing Musyarakah income, thereby enhancing ROE, while smaller companies may experience different operational dynamics (Novianti, 2019).

The overall impact of Murabahah, Mudharabah and Musyarakah income on ROE may vary depending on factors such as management efficiency, business risk, and market conditions. Additionally, moderating variables, such as company size and other external factors, may influence the relationship between these income types and ROE.

The moderating effects of company size on the relationships between these income types and ROE are particularly noteworthy. The findings of the current study, which highlight the negative impact of company size on both Murabahah and Mudharabah incomes, suggest a nuanced interaction that has been less explored in prior literature. For example, previous research indicates that larger banks may leverage their scale to enhance profitability from various financing methods (Satria & Saputri, 2016). However, this study reveals that an increase in company size may diminish the positive effects of Murabahah and Mudharabah incomes on ROE, suggesting the need for further exploration into operational efficiencies and management practices within larger institutions.

E. Conclusion

This study successfully demonstrates that income from Murabahah has a significant positive effect on the Return on Equity (ROE) of Islamic banks, while income from Musyarakah has a significant negative effect. In contrast, income from Mudharabah does not show a significant effect on ROE. Regarding moderating variables, company size is found to strengthen the relationship between Musyarakah income and ROE, while it weakens the relationship between Murabahah and Mudharabah income and ROE. These findings contribute both empirically and theoretically to the literature on Islamic bank profitability by highlighting company size moderation as an important variable.

However, this study has several limitations. First, the data coverage is limited to large Islamic banks in Indonesia, and the analysis period spans from Q1 2018 to Q3 2023. As such, the findings may not be generalizable to smaller Islamic banks or to Islamic banks in other countries. Second, this study relies solely on Return on Equity (ROE) as a

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performance indicator, without considering other profitability metrics such as Return on Assets (ROA) or Net Interest Margin (NIM). Third, the analysis does not account for external factors such as macroeconomic conditions, regulations, or competition within the Islamic finance market, which could influence the results.

For future research, it is recommended to expand the sample to include small and medium-sized Islamic banks, providing a more comprehensive view of the relationship between Islamic income and profitability. Additionally, using a broader range of indicators, such as Return on Assets (ROA) or operational efficiency, would contribute to a more thorough analysis. It is also crucial to examine the role of external factors, such as macroeconomic variables, government regulations, and industry competition, to better understand their influence on the relationship between Islamic financing income and financial performance. A longitudinal approach would also be valuable for analyzing data over a longer period, capturing a broader spectrum of economic conditions, and providing deeper insights into long-term dynamics. Furthermore, exploring the development of moderation models, such as technological innovation or the level of Sharia compliance, could enrich the understanding of the factors affecting the profitability of Islamic banks. By addressing these limitations, future research could offer more in-depth and relevant insights to support strategic decision-making in the Islamic banking sector.