

ANALYSIS THE EFFECT OF THE INFLATION, GROSS DOMESTIC PRODUCT, THIRD PARTY FUNDS, AND MARKET SHARE FACTORS TO THE PROFITABILITY OF THE ISLAMIC BANKING INDUSTRY IN INDONESIA ON PERIOD 2018-2023

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Abstract

This research aims to determine the influence of Inflation, Gross Domestic Product, Third Party Funds and Market Share on the Profitability of the Sharia Banking Industry for the 2018-2023 period. This research uses descriptive quantitative methods. The data used in this research uses secondary data obtained from quarterly Central Statistics Agency and Financial Services Authority reports. The number of samples in this research was 80 data. The data analysis technique used is Multiple Linear Regression. The research results show that inflation has a partial effect on profitability. Gross Domestic Product has the opposite effect on profitability. Third Party Funds and Market Share have a positive and significant effect. Simultaneously, Third Party Funds and market share have a significant effect on profitability.

Key Words: *Gross Domestic Product, Inflation, Market share, Profitability, Third Party Funds*

INTRODUCTION

Currently, Islamic banking in Indonesia has experienced a rapid increase. This is proven by the increasing number of Islamic banks from year to year. The following are Islamic commercial bank banking in Indonesia from year to year, as follows (www.ojk.go.id)

Table 1
Islamic commercial bank banking in Indonesia

No	Year	Number of Islamic Commercial Banks	Total Assets (in billion rupiah)
1	2018	14	316.691
2	2019	14	350.364
3	2020	14	397.073
4	2021	16	401.023
5	2022	16	456.556
6	2023	19	801.68

Source: Islamic Banking Statistics, Financial Services Authority (2018-2023)

Given the rapid growth and intense competition of Islamic banking in Indonesia, Islamic banks need to improve their performance in order to attract investors and customers, and to create banking with healthy and efficient Islamic principles.

The Return on Asset (ROA) ratio, which examines the company's capacity to earn a profit by using its assets, is one that can be used as a gauge of the degree of profitability in banking organizations. Because Bank Indonesia places a higher priority on a bank's profitability value as determined by its assets, which are primarily funded by public deposits, ROA assessment is more significant than ROE assessment. This is because ROA is a more representative indicator of banking profitability. (Harjayanti, 2020)

The inflation problem that affects Islamic banks in Indonesia also provides a major problem that occurs when the increase in the price of goods and services in the economy at a certain period of time. Waiting inflation results in high labor and product costs in the economy. (Salim, 2021)The high inflation is inversely proportional to ROA which can be interpreted as the higher the inflation, the lower the ROA. The next factor that affects ROA is Gross Domestic Product (GDP).

Table 2
Inflation Value Than 2018-2023

Inflation Value 2018		Inflation Value 2019		Inflation Value 2020		Inflation Value 2021		Inflation Value 2022		Inflation Value 2023	
March	0,2	March	0,11	March	0,10	March	0,08	March	0,08	March	0,76
June	0,59	June	0,55	June	0,18	June	-0,16	June	0,61	June	0,14
September	-0,18	September	-0,27	September	-0,05	September	-0,04	September	1,17	September	0,23
December	0,62	December	0,34	December	0,45	December	0,57	December	0,66	December	0,32

(Source: Central Bureau of Statistics website)

In Figure 2, it can be seen that the development of the Inflation value is quite volatile from 2018 to 2023. High inflation will cause the intrinsic value and real value of savings to decline, because people will tend to use their assets to meet the cost of expenses due to rising prices of goods.

Referring to the Qur'an, there are verses that provide information about the occurrence of instability or even economic turmoil, if humans make mistakes in carrying out economic practices. This can be seen in QS. Al Baqarah: 275:

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ذَلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ
مِثْلُ الرِّبَا

Meaning: "Those who eat (take) usury cannot stand up except as one who is possessed by a demon because of insanity. That is because they say that buying and selling is the same as usury. "

The description of people who eat usury in QS. Al-Baqarah: 275 shows that they cannot even stand up, like a person who is possessed by a demon and experiences a great shock. Most of the mufassirs in the books of interpretation give the interpretation of lafadz "laa yaquumuuna" (cannot stand) is a condition when resurrected from the grave on the Day of Judgment. The usury eaters will not be able to stand like people possessed by demons.

There are many verses of the Qur'an that give a general explanation, that if humans deviate or turn away from the guidance of the Qur'an, then humans will definitely feel a miserable life in this world. One of the verses that explains this is the Word of Allah SWT in QS. Thaha: 124:

وَمَنْ أَعْرَضَ عَن ذِكْرِي فَإِنَّ لَهُ مَعِيشَةً ضَنْكًا وَنَحْشُرُهُ يَوْمَ الْقِيَمَةِ أَعْمَى

Meaning: "And whoever turns away from My warning, then surely for him is a narrow livelihood, and We will gather him on the Day of Resurrection blind."

The "dzikriy" referred to in the above verse is the Qur'an. While the phrase "ma'isyatan dhanka" is the miserable life of the world. The verse provides a general explanation, that every human being who

deviates from the Qur'an the impact will not only be felt in the hereafter, but will also be felt in this world, which will cause a life of suffering.

The explanation of the verse above needs to be implemented firmly in running the Islamic banking industry because Islamic banking continues to experience a considerable increase every year. The verse above reminds users and managers of the Islamic banking industry to continue to carry out all banking activities in accordance with sharia and Islamic provisions even when faced with problems such as inflation, market share and others in achieving profitability.

GDP is seen as the market value of all services and goods produced in a certain period of time in a country. The development of GDP in a country has an influence on the profitability of bank resources. Sahara stated that GDP has an influence on ROA. When GDP increases, ROA will also increase. (I Nyoman Sidhi Adiyadnya, 2017). Thus, if the DPK owned by Islamic banks increases, the profit achieved will also be greater. The research conducted (Afrizal, 2017) shows that DPK has a positive effect on ROA. This is due to the large amount of financing issued by Islamic banks.

Table 3
GDP Value in 2018-2023

GDP Value 2018		GDP Value 2019		GDP Value 2020		GDP Value 2021		GDP Value 2022		GDP Value 2023	
March	5,2%	March	5%	March	-2,1%	March	3,7%	March	5,3%	March	5,04%
June	5,2%	June	5%	June	-2,1%	June	3,7%	June	5,3%	June	5,04%
September	5,2%	September	5%	September	-2,1%	September	3,7%	September	5,3%	September	5,04%
December	5,2%	December	5%	December	-2,1%	December	3,7%	December	5,3%	December	5,04%

(Data source: Central Bureau of Statistics (BPS)).

Table 3 explains that during the period 2018-2023, Indonesia's GDP experienced fluctuations that were influenced by various economic factors, including global and domestic conditions. In 2018, Indonesia's GDP started at around 5.2% and declined to around 5% in 2019. However, in 2020, there was a sharp decline, down to -2.1%, due to the significant impact of the COVID-19 pandemic on economic activity. In 2021, GDP increased again from -2.1% to reach 3.7%. The forecast to 2022 shows a steady increase, around 5.3%, and 2023 amounting 5,04% to and rising consistently, indicating a sustained economic recovery.

One form of funding is third-party funds. Return on Asset (ROA), which examines the company's capacity to earn a profit by using its assets, is one measure that may be used as a gauge of the degree of profitability in banking organizations. (Khamisah, Nani, & Ashsifa, 2020) Because Bank Indonesia prioritizes a bank's profitability value as assessed by assets whose funds mostly come from public deposits, ROA assessment is more significant than ROE assessment. This is because ROA is a more representative indicator of banking profitability. ROA is the ratio between profit after tax to total assets. The greater the ROA, the better the company's performance, because the greater the rate of return.

Table 4
DPK forecast data in percent for each quarter 2018-2023

(in trillion rupiah)

Year	March	June	September	December
2018	16%	17%	16%	16%
2019	17%	18%	16%	19%
2020	18%	16%	18%	19%
2021	19%	19%	17%	20%
2022	20%	17%	21%	20%
2023	18%	19%	20%	18%

(Data source: Financial Services Authority OJK).

The market share of Islamic banking in Indonesia has a small value when compared to other countries, most of which share of Islamic banking in Malaysia at the end of 2019 was above 21%. One of the influential factors is the low Islamic financial literacy of the majority of the Indonesian population.

In comparison, the value of the market compared to Malaysia is that the majority of Indonesians perceive that Islamic banks are only for Muslims, but this is not the case because Islamic finance offers an economic system based on justice and openness. (Marsyaf, 2019).

Based on the data, explanations and problems above, researchers are interested in discussing how inflation actually affects the profitability of Islamic banking, how GDP and DPK and market share affect the profitability of Islamic banking in Indonesia. By raising the title “**The Effect of inflation, Gross Domestic Product (GDP), Third Party Funds (DPK), and Market Share on the Profitability of the Islamic Banking Industry in Indonesia for the Period 2018-2023**” by formulating the problem to be discussed is How does Inflation, Gross Domestic Product (GDP), Third Party Funds (DPK), Market Share affect the Profitability of Islamic banking in Indonesia?

LITERATURE REVIEW

Profitability

Profitability ratio is a ratio to assess the company's ability to seek profit or profit in a certain period. This ratio also provides a measure of the level of effectiveness of a company's management which is indicated by the profit generated from sales or from investment income. In this study, the profitability ratio was measured by ROA (Return On Asset) and ROE (Return On Equity). (Dewi, Gunadi, & Suarjana, 2020)

Inflation

Inflation according to Al-Maqrizi Taqyudin is caused by Natural Inflation and Human Error Inflation. Inflation has an impact on the inability to function as a fair and correct unit of calculation. In addition, inflation can cause redistribution of income and wealth, one of which is redistribution from creditors to debtors. (Insiyroh).

Gross Domestic Product

GDP includes the output of goods and services in an economy that are owned by the country as well as foreigners residing in the country. For example, in Indonesia there is a company owned by British residents, so the income earned by the company is part of Indonesia's GDP. GDP can be calculated using the following formula:

$$\text{GDP} = \text{Domestic Public Income} + \text{Domestic Salted Income}$$

The income approach is an approach that leads to the revenue obtained from the factors of production. The expenditure approach is an approach that leads to spending on a country's economic sector.

Third Party Funds

Third party funds are a source of funds collected by banks from the general public. This fundraising is done through products offered by banks, such as wadiah demand deposits, mudharabah savings, and mudharabah deposits. Third party funds will be categorized into various types of financing (Shenurti et al., 2017). Third party funds can be summarized as follows:

$$\text{Third party funds} = \text{Current Account} + \text{Savings} + \text{Deposits}$$

Market share

Market Share is the portion of industry sales of goods or services that a company controls. A company that carries out its operations is certainly inseparable from market conditions that will affect the company's activities. Both companies engaged in services, manufacturing, and trading companies will pay close attention to market conditions which are usually associated with the ability to control the market share of a company with other companies. The market share criteria that are suitable for the Islamic Non-Bank Financial Industry itself consist of various groups according to the conditions of the companies in this industry. (Setyowati & Sartika, 2019)

$$\text{Market share} = \frac{\text{Sales}}{\text{Total sales}} \times 100\% = \frac{\text{Units} \times \text{Price}}{\text{Total sales}}$$

RESEARCH FRAMEWORK

Based on the theory described above, the framework in this study is presented in the chart as follows

Picture of the framework.

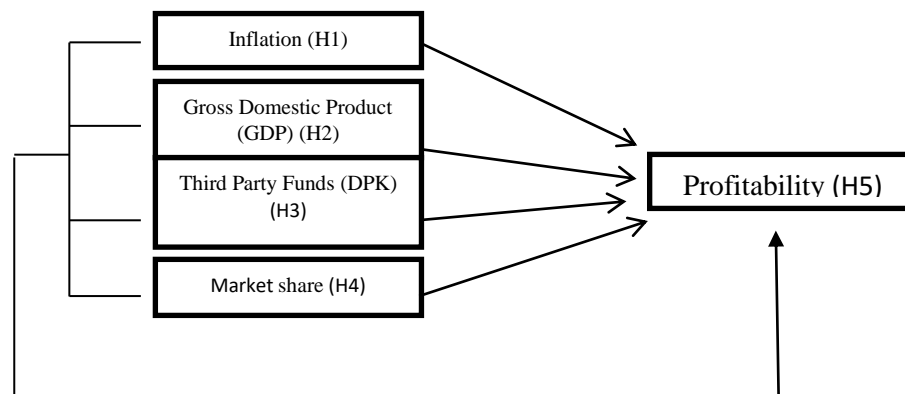


Figure 1. Picture of the framework

This study uses 5 variables, namely 4 independent variables and 1 dependent variable, the independent variable includes inflation, gross domestic product, third party funds, and market share, while the dependent is profitability.

Relationship between Inflation, Gross Domestic Product (GDP), Third Party Funds (DPK), and Market Share to Profitability.

a. Inflation

For companies, an inflation can cause the increase in production costs higher than the previous price increase can be enjoyed by the company then the profitability of the company will fall. research conducted by (Sutanto, 2021) The results showed that Inflation has a negative and insignificant effect on Profitability. This can be shown because Inflation has increased, but the profits obtained by companies have not decreased significantly and vice versa.

on profitability. This can be shown because Inflation has increased, but the profit earned by the company has not decreased significantly but the profits earned by companies that do not experience a significant decrease and vice versa significantly and vice versa.

b. Produk Domestik Bruto (PDB)

If GDP rises, it will be followed by an increase in people's income so that the ability to save will also increase. This increase in savings will affect the profitability of Islamic banks

c. Third Party Funds (GDP)

According to Bank Indonesia Metadata, Gross Domestic Product (GDP) is basically is basically the sum of value added generated by all business units in a certain country in a certain period period. (Ahmad & Widodo, 2018)

d. Market share

Based on the results of research conducted by (Suryadi, Mayliza, & Ritonga, 2020) Market share has no significant effect on profitability (ROA). Increased market share with increased sales that may not be followed by productivity levels will affect the rise and fall of company profits.

RESEARCH METHOD

The author employs a form of quantitative research in this study. A quantitative approach involves analyzing the relationship between variables in order to evaluate certain theories. In order to examine numerical data using statistical methods, this variable is measured, typically using a research instrument. The secondary data used in this study came from a variety of sources, including Bank Muamalat Indonesia's official website's financial reports and Islamic banking statistics. One Indonesian commercial bank that bases its business practices on Islamic sharia is Bank Muamalat Indonesia. Initiated by the Indonesian government and the Ulema Council (MUI), it was founded in 1991.

Market share, third-party funds (DPK), GDP, and inflation are the subjects of the study.

This research uses quantitative data analysis, which is an analytical approach that uses mathematical or statistical calculations. (Dhewy, 2022) Quantitative data analysis includes the coefficient of determination, t hypothesis test, and f hypothesis test, all using SPSS version 2.0.

This research data was analyzed using multiple linear regression techniques using the SPSS 20.0 program. Multiple linear regression analysis is a regression method that combines several independent variables. Used to determine the direction and degree of influence of the independent variable on the dependent variable. Gozali (2018) The advantages of multiple linear regression include the ability to generalize and extract from certain data patterns, the ability to collect information even though there is no certainty, and the ability to perform calculations in parallel, which makes the process shorter.

RESULT AND DISCUSSION

The advantages of multiple linear regression methods include the ability to generalize and extract from certain data patterns, the ability to perform calculations in parallel, and the ability to collect information even though there is no certainty.

Normality Test Results

Table 6.

One-Sample Kolmogorov-Smirnov Test

		Unstandardize d Residual
N		139
Normal Parameters ^{a,b}	Mean	0,0000
	Std. Deviation	.90195950
	Absolute	,100
Most Extreme Diferences	Positive	,100
	Negativ	-,078
Kolmogorov- Smirnov Z		0,100
Asymp. Sig. (2-tailed)		,200

- a. Test distribution is Normal.
- b. Calculated from data.

(Sumber : Output SPSS 17.0)

Based on the data in table 6, it can be seen that the Significant value = 0.334 > 0.05, so the frequency distribution of each variable has a normal distribution. This means that Ho is accepted and Ha is rejected, in other words, it passes the normality test. Testing was also carried out using the P-plots twist method after observing the quality achieved by testing with the Kolmogorov-Smirnov approach. P-Plots based slope test results:

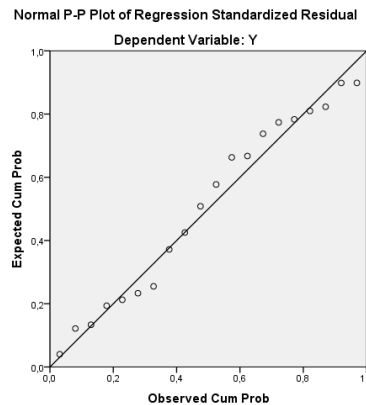


Figure 2. P-Plot Curve of Profitability

Based on the PPlots bend, it can be seen that the profitability variable is usually scattered because the focus of distribution forms a balanced bend between the lines drawn through the normal value (0,0).

Multicollinearity Test Results

The results of the multicollinearity test can be seen in the following table:

multicollinearity test can be

Table 7. Muticollinearity Test Results
Coefficients^a

Model	Collinearity Statistics		
	Tolerance	VIF	
1	X1	,993	1,007
	X2	,993	1,007
	X3	,178	5,532
	X4	,472	1,217

a. Dependent Variable: Y

Based on table 7. above states that Inflation (X1) has a tolerance value of 0.993. GDP (X2) has a tolerance value of 0.993. DPK (X3) has a tolerance value of 0.178. And market share (X4) has a tolerance value of 0.472. The four values are > 0.100 which means there is no correlation between the independent variables. Then, the calculation results of the Variance Inflation Factor (VIF) value show that the Inflation (X1) value has a VIF value of 1.202. GDP (X2) has a VIF value of 4.967. DPK (X3) has a VIF value of 6.735. And market share (X4) has a VIF value of 2.119. Of all the independent variables have a VIF value

<10, so it is declared to pass the multicollinearity test or in the sense that there is no multicollinearity between the independent variables in the regression model.

Heteroscedasticity Test Results

The purpose of the heteroscedasticity test is to determine whether a good regression model shows homoskedasitas or no heteroskedasitas. In a good regression model, the inequality of variance from the residuals of one observation to another is considered homoskedasitas. In this test using the scatterplot graph model as follows:

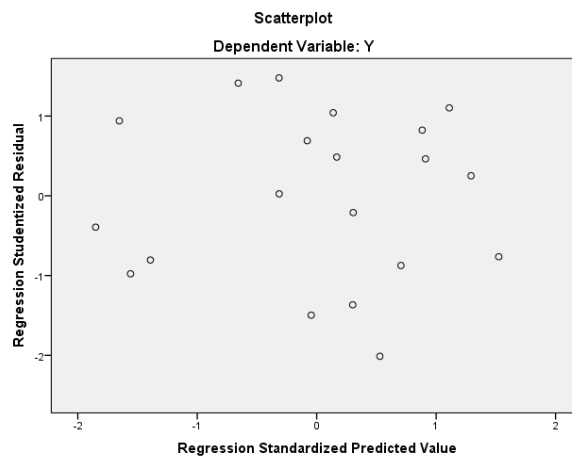


Figure 3. Heteroscedasticity Test Results

Based on Figure 2, it can be seen that the points spread above and below or around the number 0.

Tabel 8. Uji Heteroskedastisitas Coefficients^a

Model	Unstandardized Coefficients		Unstandardized Coefficients	T	Sig.
	B	Std.Error	Beta		
1 (Constant)	.670	.775		2.865	.004
GDP	.973	2.794	.138	.064	.391
INFLASI	-.816	0.161	-.149	-.152	.292
DPK	.452	1.431	.112	1.542	.254
PANGSA					
PASAR	.235	1.215	.042	1.152	.235

a. Dependent Variable: Abs_Res

b. (Sumber: Output SPSS 17.0)

According to the Glejser test results, all variables have a sig. value greater than 0.05, which indicates that there is no sign of heteroscedasticity. Therefore, the regression model can be used.

Partial T Test Hypothesis

Partial hypothesis test results can be seen in the following table:

**Table 9. T test results
Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	5,688	47,388		1,216	,000
X1	-4,983	2,742	-,186	-2,554	0,071
X2	5,685	1,616,	,359	3,697	0,001
X3	,453	,000	,192	3,519	0,003
X4	,354	,657	,199	3,731	0,002

a. Dependent Variable: Y

The tcount value of the inflation variable (X1) of -2.554 is smaller than the significant value of the t table of 1.656 $0,071 > 0,05$ It can be concluded that Ha1 is accepted and H01 is rejected. This means that there is no partial influence between inflation (X1) on profitability (Y). The tcount value of the GDP variable (X2) of 3.697 is greater than the t table of 1.656 with a significance value $<0,001$ gear 0,05. It can be concluded that Ha1 is accepted and Ho1 is rejected. This means that there is a partial influence between GDP (X2) on profitability (Y). The tcount value of the DPK variable (X3) of 3.519 is greater than the t table of 1.656 and a significance value of $0,003 < gear$ 0,05. It can be concluded that Ha1 is accepted and Ho1 is rejected. This means that there is a significant influence on profitability (Y) between DPK (X3). The tcount value of the market share variable (X4) of 3.731 is greater than the t table of 1.656 with a significance value of $0,002 < 0,05$. It can be concluded that Ha1 is accepted and Ho1 is rejected. This means that there is a significant influence between market share (X2) on profitability (Y).

Multiple Regression Analysis

Multiple linear regression analysis is a test used to determine the effect of several independent variables (X) on the dependent variable (Y) together as follows:

**Table 10.
Regression Coefficient Test Results**

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	3,774	1,478		2,554	0,013
X1	3,715	5,328	,078	0,697	0,488

X2	1,390	,308	,508	4,519	0,000
X3	,453	,425	,232	2,090	0,675
X4	1,251	,457	,205	2,731	0,078

a. Dependent Variable: Y

Based on table 10, it can be concluded that the equation above shows the effect of each independent variable (X) on the dependent variable (Y). The results obtained from multiple regression tests are as follows:

$$Y = 3,774 + 3,715X1 + 1,390X2 + 0,453X3 + 1,251X4$$

Based on the regression coefficient test results, it can be described as follows:

1. From the regression results, the constant obtained has a value of 3.774 which means that if there are no independent variables in the study, namely inflation, GDP, DPK and market share. Then the consistent value of profitability is 3.774.
2. From the regression results, it is found that the Inflation coefficient value is 3.715 and has a positive sign, which means that if Inflation increases, then people's income will also increase by 3.715.
3. From the regression results, it is found that the GDP coefficient value is 1.390 and has a positive sign, which means that if GDP increases, the effect of GDP is related to profitability, amounting to 1.390.
4. Based on the regression coefficient value of the Third Party Fund (DPK) variable, it is positive 0.453. This means that every increase in Third Party Funds (DPK) by one unit will increase profitability by 0.453.
5. The regression coefficient value of the market share variable is 1.251. These results can be interpreted that if the market share increases by one unit, profitability will increase by 1.251.

The (+) sign indicates a unidirectional relationship, while the (-) sign indicates an opposite correspondence relationship between the independent component (X) and the dependent variable (Y).

F test (simultaneous) + coefficient of determination

Testing the effect of independent variables together on the dependent variable is done using the F test as follows:

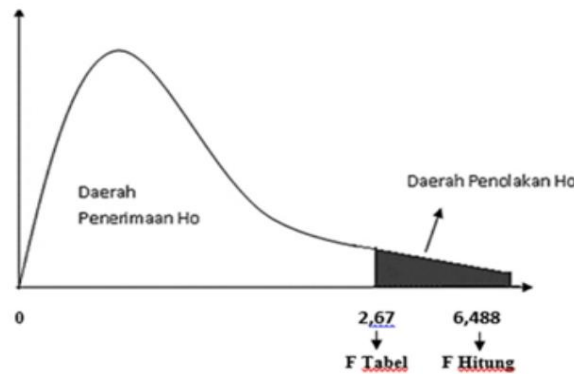
Table 11. F test results
ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	2.957	3	,988	6,488	,000 ^b
Residual	20.509	136	,152		
Total	23.466	138			

a. Dependent Variable: Y

b. Predictors: (Constant), X4, X1, X2, X3

(Sumber: Olah Data SPSS 17.0)



Based on the F test results, it can be concluded that $F_{count} = 6.488$ is higher than $F_{table} = 2.67$, and F_{count} is in the H_0 rejection area. Selanjutnya, H_0 is rejected and H_a is accepted, both in accordance with the predetermined criteria and the H_0 acceptance and rejection area. This indicates that the results show that different independent variables simultaneously have a significant impact on the dependent variable. For example, inflation (X1), GDP (X2), DPK (X3), and Stock Market (X4) have a significant impact on profitability(Y).

Determination Coefficient Test (R²)

Table 12. Determination Coefficient Test Results

Model Summary

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate
1	,521 ^a	,0271	,246	0,917

a. Predictors: (Constant), X4, X1, X2, X3

The magnitude of the R square (R²) number is 0.064. This figure can be used to see the simultaneous influence of Inflation, GDP, DPK, Market Share on combined Profitability by calculating the Coefficient of Determination (KD) using the following formula:

$$D = R^2 \times 100\%$$

$$D = 0,064 \times 100\%$$

$$D = 64\%$$

These results can be concluded that the amount of variation in the independent variables in influencing the regression equation model is 64.0% and the remaining 36% is influenced by other factors not included in the regression model.

DISCUSSION

The Effect of Inflation on Profitability

Based on the results of hypothesis testing, the following results are obtained: Inflation partially no affects the profitability of Islamic banks (Insyiroh). This can be seen from the hypothesis test where t_{count} is smaller than t_{table} and Sig is greater than 0.05. The absence of this influence is because Islamic banks are not obliged to pay a fixed amount of return, but based on the percentage of profit

earned. The lack of this effect can be attributed to the fact that Islamic banks are not required to pay a predetermined return, but rather a portion of the profits they earn. According to Sadono Sukirno, when a country faces high inflation, it results in an increase in consumption value, which influences the operational activities of Islamic banks in generating income and profits. (Arifianti, Amaliawati, & Mohammad, 2021) The findings of this study suggest that inflation does not impact the ROA. This situation arises because high inflation typically signifies a rise in prices for goods, leading to a reduction in money circulation due to the increase in costs. Nonetheless, the actual effect of inflation appears to lack significance to a certain degree.

The Effect of Gross Domestic Product on Profitability

Gross Domestic Product (GDP), often referred to as GDP, has a notable positive impact on the profitability of Islamic Banks in Indonesia, which aligns with the findings of (Coscieme et al., 2020) An increase in GDP signifies an overall rise in individuals' incomes. As income increases, people's capacity to save also grows, but they are likely to spend more money as well. With the increase in their saving ability, individuals might prefer to deposit their money in conventional banks over Islamic banks due to the higher interest rates offered by conventional banks in Indonesia (Kurniawan, Suharti, & Supramono, 2020). Gross Domestic Product (GDP) serves as a macroeconomic measure that influences the profitability of banks. When GDP increases, it is typically accompanied by a rise in individuals' income, which enhances their savings capacity. This growth in savings subsequently impacts the profitability of Islamic financial institutions. According to research findings, Gross Domestic Product has an effect on Return On Assets (ROA).

GDP reflects the activities of the population in a country in producing goods within a certain period of time. The relationship between GDP and the banking world is where GDP is related to saving. While one of the activities of the bank as a mediation of the financial sector is to collect funds from the public and channel them in the form of investment. The profit from the investment will be part of the profitability of Islamic banks.

The Effect of Third Party Funds on Profitability

This research was conducted by (Dirman, 2020) which results in that the DPK variable has a positive effect on ROA, From the explanation above, it can be interpreted that funds from the public are the most important source for banks, where banks are very trying to gain public trust to save their funds to the bank. (Astuti, Suryanto, Noviarita, & Suro, 2021)

Funds from this community are commonly called Third Party Funds (DPK) which are a source of funds that are still highly relied on by banks, because through these funds the bank can finance its operational costs as well as to fulfill all credit applications that are worth giving, so that the bank will get results in the form of interest income and income from administrative fees which will have an impact on increasing bank profits and encouraging bank profitability, where profitability is one measure of the bank's ability to generate profits.

Effect of Market Share on Profitability

Market share has a tcount of 2.731 greater than the t table of 1.656 with a sig value of 0.011 <0.05. So it can be concluded that H_{a1} is accepted and H_{o1} is rejected, which means that market share has a significant effect on profitability, the higher the market share or the higher the company's relative sales in the industry, the higher the company's revenue which is an important component in calculating profit. (Machmuddah, Sari, & Utomo, 2020) found that market share is one of the factors affecting banking profitability. An increase in assets and or equity balanced by an adequate level of sales tends to be profitable for the company. So the management should focus more on the level of sales gradually

along with the increase in assets. This means that the higher the market share will increase the company's profitability.

Based on the results of research on the effect of inflation, Gross Domestic Product (GDP), third party funds (DPK), and market share simultaneously on profitability.

CONCLUSION

According to the findings from the hypothesis testing, it is determined that inflation has a partial impact on the profitability of Islamic banks. An increase in GDP indicates that the overall income of the population is also rising. As people's income grows, it is accompanied by greater abilities to save as well as an increase in consumption. The rise in saving capabilities, coupled with the high interest rates set by Bank Indonesia, leads individuals to prefer depositing their money in conventional banks over Islamic banks. The positive t value indicates a one-way relationship between Third Party Funds (DPK) and profitability. According to the findings from the hypothesis testing, it is determined that inflation has a partial impact on the profitability of Islamic banks. An increase in GDP indicates that the overall income of the population is also rising. As people's income grows, it is accompanied by greater abilities to save as well as an increase in consumption. The rise in saving capabilities, coupled with the high interest rates set by Bank Indonesia, leads individuals to prefer depositing their money in conventional banks over Islamic banks. The positive t value indicates a one-way relationship between Third Party Funds (DPK) and profitability.

With the explanations and conclusions that have been written by researchers, researchers suggest to future authors to further examine how the management system of the Islamic banking industry to improve the quality of Islamic banking in Indonesia and add more extensive research objects.

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