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IMPACT OF INTERNAL AND EXTERNAL FACTORS ON ISLAMIC BANKING MARKET SHARE IN INDONESIA

Yulia
IAIN Pontianak, Indonesia
yuliaibrahim@iainptk.ac.id

Nurma Sari
IAIN Pontianak, Indonesia
anzana1503@gmail.com

Evi Khadijah Luthfi Fuadah
STAI Al-Muhajirin Purwakarta, Indonesia
zahrahaizaazmina@gmail.com

Husnee Che Wae
INSANIAH University Collage, Malaysia
hus_335@hotmail.com

Abdul Kadir Jailani
UIN Sunan Kalijaga Yogyakarta, Indonesia
anserajailani@gmail.com

HIGHLIGHTS

- GDP and BI interest rates negatively impact Islamic banking market share.
- Inflation has a positive effect.
- External economic factors are crucial for Islamic banks in Indonesia.

ABSTRACT

This study examines the influence of internal and external factors on the market share of Islamic banking in Indonesia during the period from 2011 to 2019. Internal factors consist of the number of Islamic Banks, while external factors consist of Bank Indonesia's (BI) interest rates, inflation, and GDP. During the observation period, the data was normally distributed, with no heteroscedasticity or autocorrelation detected. However, due to multicollinearity, a stepwise regression test was conducted, resulting in the exclusion of the variables Number of Islamic Banks, CAR, and NPF.

The findings of this study indicate that GDP has a negative and significant effect on the market share of Islamic banking in Indonesia, BI interest rate have a negative and significant effect on the market share of Islamic banking in the country, meanwhile inflation has a positive and significant effect on the market share if Islamic banking in Indonesia. The conducted study is consistent with Indonesia's economic growth data from 2011 to 2019, which showed a decline compared to previous years. Therefore, Islamic banks should be cautious about external factors, as they have significant impact on the market share of Islamic banks in Indonesia.

KEYWORDS Market share, Number of Islamic Banks, CAR, NPF, GDP, Interest Rates, Inflation.

A. INTRODUCTION

Islamic banking is frequently considered to exhibit greater resilience to financial crises relative to conventional banking. In Indonesia, Islamic banking has made significant progress over the past decade. According to the Sharia Banking Statistics (SPS) from the Financial Services Authority (OJK), the Islamic banking sector in Indonesia is in its early stages of growth. This is reflected in the 2019 data, which shows the presence of 2,746 branch offices across various cities in Indonesia, including 14 Sharia Commercial Banks (BUS), 20 Sharia Business Units (UUS), and 164 Sharia People's Financing Banks (BPRS) (http://www.ojk.go.id).

The growth of Islamic banking is further evidenced by the annual increase in assets (Hasan and Dridi, 2010). In 2016, Islamic banking assets recorded a significant increase, reaching IDR 61.6 trillion, representing a 20.28% rise from the previous year. Sharia Commercial Banks contributed the most to this growth, accounting for IDR 40.7 trillion of the total assets. This notable expansion was largely driven by the conversion of BPD Aceh into Bank Aceh Syariah in September 2016, which added IDR 18.95 trillion, or 5.18% of the total national Islamic banking assets. The conversion of BPD Aceh Syariah has significantly contributed to the increase in the market share of Islamic banking within the national banking sector, surpassing the critical 5% threshold. As of December 2016, the market share of Islamic banking reached 5.33%, reflecting a 0.46% increase from 4.87% in 2015. This upward trend continued in 2017, with the market share rising to 5.72%. However, a decline was observed in 2018, with the market share falling to 4.98%, before increasing again in 2019 to 6.01% (Sharia Banking Statistics, 2016, 2017, 2018, and 2019).

The growth of Islamic banking in Indonesia requires careful examination, as it is closely aligned with the growth of the broader national banking sector (Bahmana, 2013). Although the market share of Islamic banks has shown some growth, this expansion has occurred alongside the growth of conventional banks, resulting in Islamic banks maintaining a relatively small market share of around 5% to 6%. This market share is relatively modest, particularly considering that Islamic banking has been operational in Indonesia for nearly three decades. The Government of Indonesia has set an ambitious

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target for the Islamic banking sector to achieve a 20% market share by 2023 (Deputy for Economic Affairs, 2019-2023).

In comparison to other countries, such as Malaysia, Islamic banking in Indonesia remains significantly underdeveloped. Malaysia's Sharia banking sector has attained a market share of 23.8%, Saudi Arabia has reached 51.1%, and the United Arab Emirates has achieved 19.6%. In contrast, the market share of Islamic banking in Indonesia has remained stagnant at 5% to 6%. Given that Indonesia has the largest Muslim population in the world, the market share of Islamic banking in the country should ideally exceed 6%, reflecting its potential in this sector.

In 2002, the Islamic banking sector set a target of achieving a 5% market share in Indonesia, as outlined in the Blueprint for the Development of Islamic Banking in Indonesia published by the Directorate of Islamic Banking of Bank Indonesia (Yuliani, 2016). However, this target was only met in 2016, when the market share reached 5.33%, and by 2019, it had only slightly increased to 6.01%. This progress is notably slow for the largest Muslim-majority country in the world. Given Indonesia's predominantly Muslim population, Islamic banks should have the potential to exceed a 6% market share. Expanding this market share could significantly contribute to Indonesia's economy, particularly in supporting the extensive infrastructure development currently being pursued by the government.

Several factors influence the market share of Islamic banking, which can be categorized into internal and external factors. Research conducted by Saputra (2014) indicates that Capital Adequacy Ratio (CAR) and Non-Performing Financing (NPF) significantly impact the market share of Islamic banking. Banks with a sufficiently large CAR are better equipped to support their operations, ensuring smooth functioning and the ability to manage risks, particularly credit risks (Sari, 2013).

Saputra (2019) found that the number of branch offices has the most significant influence on the market share of Islamic banking in Indonesia. The widespread presence of Islamic bank branches across the country facilitates increased deposits and assets, as the public can engage directly with Islamic banking services through these branches. From an external perspective, the market share of Islamic banks is influenced by factors such as inflation, GDP, and Bank Indonesia's interest rates. Research by Fatihin et al. (2020) indicates that inflation has a short-term impact on the market share of Islamic banking. Bulski (2013) found that interest rates have a direct effect on banking, while GDP serves as an indicator of economic activity, particularly in the manufacturing sector, which in turn impacts banking (Pandey, 2018).

Previous studies have demonstrated inconsistencies in the findings regarding the factors influencing the market share of Islamic banking, both from internal and external perspectives. Consequently, this study aims to re-examine the dominant factors affecting the market share of Islamic banking in Indonesia. Furthermore, this research analyzes a different period than previous studies, focusing on the years 2011 to 2019.

OPERATIONAL DEFINITIONS

The number of Sharia Bank Offices (X1) represents the extensive network of Islamic bank offices across Indonesia, including head offices, branch offices, and cash offices. This data is sourced from the Sharia Banking Statistics published by the Financial Services Authority (OJK). The study conducted by Banyariyah and Mahyudin (2019) shows that the number of Islamic banking offices has a possitive effect on asset growth in Islamic banking, as an increase in the number of people saving contributes to the potential rise in the assets of Islamic banks.

DOI: 10.24260/khatulistiwa.v14i2.3175

The Capital Adequacy Ratio (CAR) (X2) refers to the capital adequacy of a bank, reflecting its ability to maintain the minimum required capital (Idroes, 2006). According to Bank Indonesia's regulations, banks must maintain a CAR of at least 8%. This ratio is crucial as it helps ensure that CAR remains within safe limits. A higher CAR indicates a stronger capability of Islamic banks to manage potential loss risks. CAR is measured by comparing Risk-Weighted Assets (ATMR), calculated using the following formula:

$$\text{CAR} = \frac{\text{Modal}}{\text{ATMR}} \text{ x } 100\%$$

Non-Performing Financing (NPF) (X3) refers to overdue financing payments made by banking customers, as stipulated in the financing contract (Sholihin, 2010). The NPF in Islamic banking in Indonesia is subject to a maximum limit, as determined by the Financial Services Authority (OJK), which must not exceed 5%. The formula for calculating NPF/NPL is as follows (Rivai and Veithzal, 2007):

$$\text{NPL} = \frac{\text{Total Loan}}{\text{Total Community Funds}} \text{ x } 100\%$$

The BI Interest Rate (X4) is the benchmark interest rate established by Bank Indonesia and announced monthly following the Board of Governors Meeting. This rate serves as the reference rate for credit and is publicly disclosed once determined. The BI interest rate data utilized in this study is obtained from the Bank Indonesia website, covering annual figures for the period from 2011 to 2019.

Inflation (X5) refers to the general increase in the price level of goods and services over a specified period (Sumadji and Pratama, 2000). According to the Central Statistics Agency (BPS), inflation represents the ongoing rise in prices, which leads to a decrease in the purchasing power of the currency. The inflation data used in this study is sourced from the Bank Indonesia website.

Gross Domestic Product (GDP) (X6) represents the total market value of all goods and services produced by a country within a one-year period (Mishkin, 2008). GDP is a crucial economic indicator that reflects the overall economic performance and can be used to calculate national income. In this study, GDP data is analyzed by comparing the GDP of year t with that of year t-1, using the following formula:

$$GDP\ Growth = \frac{GDP\ t - GDP\ t^{-1}}{GDP\ t-1} x\ 100\%$$

Market Share (Y) refers to the percentage of total industry sales attributed to a specific company over a given period. This metric provides insights into various market segments, including demographic and economic classifications. Market share can be calculated using the following formula:

$$\text{Market Share PS} = \frac{\text{Total Islamic Banking Assets}}{\text{Total National Banking Assets}} \text{ x } 100\%$$

B. METHOD

The research employs a quantitative methodology aimed at elucidating the impact of independent variables on the dependent variable through hypothesis testing. The variables under investigation include the number of Islamic bank offices (X1), Capital Adequacy Ratio (CAR) (X2), Non-Performing Financing (NPF) (X3), Bank Indonesia's interest rates (X4), inflation (X5), and Gross Domestic Product (GDP) (X6) in relation to the market share (Y) of Islamic banking in Indonesia for the period from 2011 to 2019.

DOI: 10.24260/khatulistiwa.v14i2.3175

This study utilizes secondary data of a time series nature, specifically monthly data (Indrianto and Supomo, 2014), sourced from the Sharia Banking Statistics (SPS) report, the Central Statistics Agency (BPS), and the Bank Indonesia website.

Population and Sampling Techniques

The population refers to the total set of characteristics that are the focus of the research, encompassing all groups of individuals, events, or objects pertinent to the study (Sarjono and Julianita, 2011). In this study, the population comprises Islamic banking data in Indonesia registered with the Financial Services Authority (OJK) for the period from 2011 to 2019.

The sample represents a subset of the population, selected to reflect the characteristics of the entire population (Sarjono and Julianita, 2011). For this research, the sample includes both internal and external factors, proxied by the number of Sharia Commercial Bank offices, Capital Adequacy Ratio (CAR), Non-Performing Financing (NPF), Bank Indonesia's interest rates, inflation, GDP, and the market share of Sharia banking from 2011 to 2019. During this period, Indonesia's economic growth was declining. Thus, the total number of samples analyzed in this study is 63.

C. RESULT AND DISCUSSION

Normality Test

In this study, the Jarque-Bera test was employed to assess the normality of the data distribution. The Jarque-Bera test evaluates whether the data follows a normal distribution. A p-value greater than 0.05 indicates that the data can be considered normally distributed, whereas a p-value less than 0.05 suggests non-normality. The results of the normality test in this study are as follows:

Figure 1. Normality Test Result

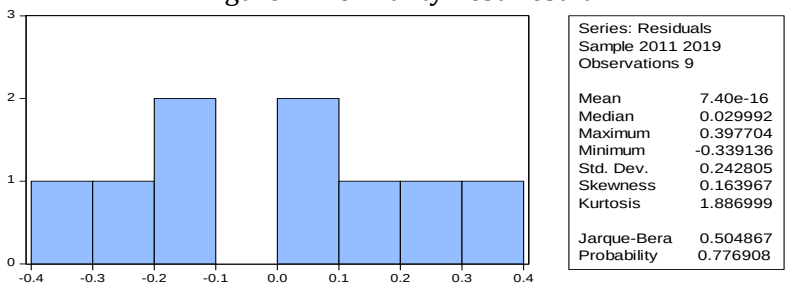

Figure 1 shows that the Jarque-Bera test statistic is 0.776908. Since this value exceeds the significance level of 0.05, it indicates that the data in this study is normally distributed.

Heteroscedasticity Test

For the heteroscedasticity test, the Breusch-Pagan test was utilized, which was developed by Trevor Breusch and Adrian Pagan in 1979. The results of this test are presented in Table 1.

DOI: 10.24260/khatulistiwa.v14i2.3175

Table 1

Breusch-Pagan Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	0.536267	Prob. F(6,2)	0.7655
Obs*R-squared	5.550139	Prob. Chi-Square(6)	0.4754
Scaled explained SS	0.121555	Prob. Chi-Square(6)	1.0000

According to Table 1, the Breusch-Pagan test yields a chi-square p-value of 0.4754, which is greater than the significance level of 0.05. Therefore, the null hypothesis (H0) is accepted, indicating that heteroscedasticity is not present in the regression model.

Autocorrelation Test

The autocorrelation test was conducted using the Durbin-Watson test, which compares the Durbin-Watson statistic to the critical values of Durbin Upper (dU) and Durbin Lower (dL). The conclusion of the Durbin-Watson test is based on the following conditions:

Table 2**.** Autocorrelation Test

R-squared	0.998047	Mean dependent var	7.40E-16
Adjusted R-squared	0.984373	S.D. dependent var	0.242805
S.E. of regression	0.030353	Akaike info criterion	-4.571318
Sum squared resid	0.000921	Schwarz criterion	-4.396007
Log likelihood	28.57093	Hannan-Quinn criter.	-4.949638
F-statistic	72.99082	Durbin-Watson stat	2.686153
Prob(F-statistic)	0.089891		

As detailed in Table 2, the Durbin-Watson statistic is 2.686153, falling between the values of (4 - dU) and (4 - dL). This suggests that a definitive conclusion regarding autocorrelation cannot be made. To address this issue, the Stepwise method was employed. The results of the autocorrelation test after applying the Stepwise method are shown in Table 3.

Table 3. Autocorrelation Test with Stepwisse Method

Breusch-Godfrey Serial Correlation LM Test:			
F-statistic	0.282928	Prob. F(1,4)	0.6230
Obs*R-squared	0.594535	Prob. Chi-Square(1)	0.4407

Table 3 indicates that the chi-square p-value is 0.4407. Since this p-value is greater than 0.05, it is concluded that there is no autocorrelation in the research variables.

DOI: 10.24260/khatulistiwa.v14i2.3175

Multicollinearity Test

In this study, the Multicollinearity Test was conducted by examining the Tolerance values and the Variance Inflation Factor (VIF) values. The Tolerance value measures the proportion of variance in a selected independent variable that is not explained by other independent variables. Generally, a low Tolerance value results in a high VIF value (Ghazali, 2011). To assess multicollinearity, the VIF value is evaluated; a VIF value below 10 indicates that multicollinearity is not a concern (Duwi Priyatno, 2014). The results of the multicollinearity test are presented in Table 4.

Table: 4. Multicollinearity Test (Stepwisse Method)

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	728.2944	27795.41	NA
X1	131.8550	31695.60	43.76621
X2	0.146375	1583.854	23.78233
X3	0.121369	75.83881	5.305109
X4	0.047089	68.54131	2.640258
X5	0.013898	13.18376	2.341961
X6	0.977979	1066.626	7.600124

Table 4 above's multicollinearity test findings explain the following:

1. The VIF values for the variables Non-Performing Financing (NPF) (X3), Bank Indonesia Interest Rate (X4), Inflation (X5), and Gross Domestic Product (GDP) (X6) are all below 10. Thus, these variables are not affected by multicollinearity.
2. The VIF values for the Number of Offices (X1) and Capital Adequacy Ratio (CAR) (X2) are above 10, indicating the presence of multicollinearity issues in these variables.

Given the identified multicollinearity, the Stepwise method was employed to address this problem. The results of the multicollinearity test following the Stepwise method are shown in Table 5.

Table: 5. Multicollinearity Test (Stepwisse Method)

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	2.036646	175.2038	NA
X6	0.058061	142.7343	1.017037
X4	0.015615	51.23207	1.973494
X5	0.005250	11.22512	[1.994028]

According to Table 5, the Centered VIF value is 1.994028, which is less than 10. Therefore, the null hypothesis (H0) is accepted, indicating that multicollinearity is not present.

DOI: 10.24260/khatulistiwa.v14i2.3175

The variables found to be insignificant after the Stepwise method were Number of Offices (X1), CAR (X2), and NPF (X3). Consequently, these variables were excluded from the regression analysis.

T Test (Partial)

The T-test, or partial test, is utilized to assess the impact of each independent variable on the dependent variable. In this study, the T-test was conducted to determine whether the independent variables—Gross Domestic Product (GDP), Bank Indonesia Interest Rate, and Inflation—significantly influence the dependent variable, which is the market share of Sharia banking in Indonesia.

The significance of the independent variables is evaluated based on the probability value and the t-statistic. If the probability value is less than 5% (0.05) and the t-statistic (t-count) exceeds the critical value from the t-table, the independent variable is considered to have a significant impact on the dependent variable. Conversely, if the probability value is greater than 5% (0.05) and the t-statistic is less than the critical value from the t-table, the independent variable does not significantly affect the dependent variable. The results of the T-test (partial test) conducted in this study are presented in Table 6.

Table 6. T-Test (Partial)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
C	11.58428	1.427111	8.117295	0.0005
GDP	-0.907620	0.240958	-3.766711	0.0131
BIR	-0.351632	0.124961	-2.813942	0.0374
INF	0.089376	0.072455	[1.233545	0.2722]

Table 6 provides the results of the T-test (partial test) for evaluating the influence of independent variables on the dependent variable, which is the market share of Islamic banking in Indonesia. The findings are summarized as follows:

1. Gross Domestic Product (GDP) Variable (X6) Relative to the Market Share of Islamic Banking in Indonesia (Y)

The regression analysis results indicate that the GDP variable (X6) has a t-statistic (t-count) of -3.766711, which is smaller than the critical t-value of 1.66940, with a probability value of 0.0131. Since the probability value is less than 5% (0.0131 < 0.05) and the coefficient is -0.907620, indicating a negative direction, it can be concluded that the null hypothesis (H0) is rejected and the alternative hypothesis (Ha) is accepted. Thus, the GDP variable (X6) has a negative and statistically significant effect on the market share of Islamic banking in Indonesia (Y).

2. Bank Indonesia Interest Rate Variable (X4) Relative to the Market Share of Islamic Banking in Indonesia (Y)

The regression analysis results show that the Bank Indonesia Interest Rate variable (X4) has a t-statistic of -2.813942, which is smaller than the critical t-value of 1.66940, with a probability value of 0.0374. Since the probability value is less than 5% (0.0374 < 0.05) and the coefficient is -0.351632, indicating a negative direction, it can be concluded that the null hypothesis (H0) is rejected and the alternative hypothesis (Ha) is accepted. Hence, the Bank Indonesia Interest Rate variable (X4) has a negative and statistically significant effect on the market share of Islamic banking in Indonesia (Y).

DOI: 10.24260/khatulistiwa.v14i2.3175

3. Inflation Variable (X5) Relative to the Market Share of Islamic Banking in Indonesia (Y)

The regression analysis results reveal that the Inflation variable (X5) has a t-statistic of 1.233545, which is smaller than the critical t-value of 1.66940, with a probability value of 0.2722. Since the probability value is greater than 5% (0.2722 > 0.05) and the coefficient is 0.089376, indicating a positive direction, it can be concluded that the null hypothesis (H0) is accepted and the alternative hypothesis (Ha) is rejected. Therefore, the Inflation variable (X5) has a positive but not statistically significant effect on the market share of Islamic banking in Indonesia (Y).

F-Test (Simultaneous Test)

The F-test, or simultaneous test, is utilized to assess the overall feasibility of the regression model by examining whether the independent variables collectively impact the dependent variable. The F-test determines if the independent variables significantly influence the dependent variable when considered together.

If the calculated F-value (Fcal) is greater than the critical F-value (Ftable) and the probability value of Fcal is less than 5% (0.05), the regression model is deemed feasible. Conversely, if Fcal is less than Ftable and the probability value is greater than 5% (0.05), the regression model is considered not feasible. The results of the F-test (simultaneous test) conducted in this study are presented in Table 7.

Table 7. F-Test (Simultaneous Test)

R-squared	0.818571	Mean dependent var	5.024444
Adjusted R-squared	0.709714	S.D. dependent var	0.600336
S.E. of regression	0.323450	Akaike info criterion	0.881558
Sum squared resid	0.523100	Schwarz criterion	0.969214
Log likelihood	0.032988	Hannan-Quinn criter.	0.692398
F-statistic	7.519670	Durbin-Watson stat	1.667008
Prob(F-statistic)	0.026641		

From Table 7, the calculated F-value (Fcal) is 7.519670, with a significance value of 0.026641, which is less than 5% (0.026641 < 0.05). Consequently, the alternative hypothesis (Ha) is accepted and the null hypothesis (H0) is rejected. This suggests that the study's regression model is workable and that the GDP, interest rates at Bank Indonesia, and inflation all together have a major effect on the dependent variable, which is the proportion of Indonesia's market that is dedicated to Sharia banking.

Coefficient of Determination (R^2)

The coefficient of determination (R^2) is used to evaluate the extent to which the model explains the variance in the dependent variable based on the independent variables. R^2 values range from 0 to 1, where a value closer to 1 indicates a higher proportion of the variance in the dependent variable that is explained by the independent variables.

As presented in Table 7, the Adjusted R-Squared value is 0.7097, or 70.97%. This indicates that the independent variables—Gross Domestic Product (GDP), Bank Indonesia Interest Rates, and Inflation—account for 70.97% of the variability in the market share of Sharia banking in Indonesia. The remaining 29.03% (100% - 70.97%) of the variability is attributed to other factors not included in the regression model, such as the number of

DOI: 10.24260/khatulistiwa.v14i2.3175

Sharia bank offices, Capital Adequacy Ratio (CAR), and Non-Performing Financing (NPF), which were excluded from the analysis due to their lack of significance. Given that the Adjusted R-Squared value is close to 1, it can be concluded that the independent variables have a strong explanatory power regarding the relationship with the dependent variable.

DISSCUSSION

Effect of GDP on Sharia Banking Market Share

The Gross Domestic Product (GDP) variable has a probability value of 0.0131, which is less than the 5% significance level (0.0131 < 0.05). The coefficient for GDP is -0.907620, indicating a negative effect. Consequently, it can be concluded that GDP has a negative and statistically significant impact on the market share of Islamic banking in Indonesia. This supports the acceptance of hypothesis H6, which posits that GDP significantly influences the market share of Sharia banking in Indonesia.

These findings align with previous research, such as that conducted by Diamantin Rohadatul Aisy (2016), which also reported a negative and significant effect of GDP on the market share of Islamic banking in Indonesia.

Effect of BI Interest Rates on Sharia Banking Market Share

The Bank Indonesia (BI) interest rate variable exhibits a probability value of 0.0374, which is below the 5% significance threshold (0.0374 < 0.05). The coefficient for BI interest rates is -0.907620, indicating a negative effect. Thus, it can be concluded that the BI interest rate has a negative and statistically significant impact on the market share of Islamic banking in Indonesia. This supports the acceptance of hypothesis H4, which asserts that the BI interest rate has a significant influence on the market share of Islamic banking in Indonesia.

These findings are consistent with prior research, including studies by Aisy (2016) and Fatihin et al. (2018), which also identified a negative and significant effect of BI interest rates on the market share of Islamic banking in Indonesia. However, this study's results are contrary to those of Candra et al. (2019), who found that BI interest rates had a negative but statistically insignificant effect on the growth of the Islamic banking market share in Indonesia.

Simultaneous Effect of GDP, BI Interest Rates, and Inflation on Sharia Banking Market Share

The results of the F test indicate that the variables of GDP, BI Interest Rates, and Inflation, when considered together, have a significant influence on the market share of Islamic banking in Indonesia. This finding supports the acceptance of hypothesis H7, which posits that the combined effect of GDP, BI Interest Rates, and Inflation significantly impacts the market share of Islamic banking in Indonesia. The hypothesis is validated by the test results, which reveal a significance value of 0.026641, which is less than the 5% threshold (0.026641 < 0.05).

This study is inline with data showing that Indonesia's economic growth from 2011 to 2019 experienced a decline compared to the previous period. The economic growth trends for Indonesia during this timeframe are illustrated in the figure below:

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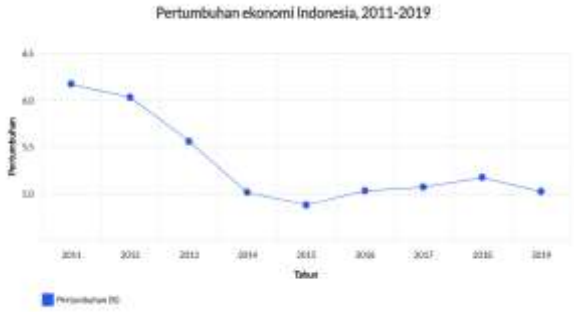

Figure 1: Indonesia's Economic Growth, 2011-2019
Source: Central Statistic Agency of Indonesia (bps.go.id)

Based on this research, we recommend that Islamic banks exercise caution regarding external factors, as they have a significant impact on the market share of Islamic banks in Indonesia.

D. CONCLUSION

Based on the analysis and discussion in the preceding chapters, the following conclusions can be drawn:

1. **Partial Effects**: The T-test results reveal that:
    a. The GDP variable (X6) exerts a negative and significant effect on the market share of Islamic banking in Indonesia (Y).
    b. The BI Interest Rate variable (X4) also negatively and significantly affects the market share of Islamic banking in Indonesia (Y).
    c. The Inflation variable (X5) demonstrates a positive yet still significant effect on the market share of Islamic banking in Indonesia (Y).
2. **Simultaneous Effects**: The F-test results indicate that GDP, BI Interest Rates, and Inflation, when considered together, significantly affect the market share of Islamic banking in Indonesia.
3. **Coefficient of Determination (R^2)**: The R^2 value shows that 70.97% of the variation in the market share of Islamic banking in Indonesia can be explained by the independent variables (GDP, BI Interest Rate, and Inflation). The remaining 20.03% is influenced by other variables not included in the regression analysis, such as the number of Sharia Bank Offices, CAR, and NPF.

Suggestions and Recommendations

The following suggestions and recommendations are proposed based on this study:

1. Future research should consider extending and enhancing this study by incorporating broader research subjects with larger sample sizes and longer study periods. This approach could yield more diverse and comprehensive results, providing a deeper understanding of the factors influencing the market share of Islamic banking
2. For public awareness, the public and current customers of Islamic banking in Indonesia should deepen their understanding of the Islamic banking industry. By actively engaging with and supporting the development of the Islamic banking system, stakeholders can enhance its competitive position relative to conventional banks.

DOI: 10.24260/khatulistiwa.v14i2.3175

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