

Research Article

Analysis of the Effect of Temporary Syirkah Funds and Operational Efficiency on Profitability with NPF as a Moderating Variable (Study on Islamic Commercial Banks 2017-2022)

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ORCIDLidiya Ayu Novalista: <https://orcid.org/0009-0009-7406-7965>**Abstract.**

This study aims to examine the effect of Temporary Syirkah Funds and Operational Efficiency on Profitability with NPF as a moderating variable. This study uses a type of quantitative research with a causal associative approach. The sampling technique used purposive sampling so that it was collected by 8 Sharia commercial banks. Data is obtained secondary through annual reports published on the website of each bank for 2017-2022. This study uses hypothesis testing using multiple linear regression testing tools. Data is processed using the Eviews-10 software application. The results showed that temporary *syirkah* funds had a positive and significant effect on profitability, operational efficiency did not affect profitability, Non-Performing Finance (NPF) was able to moderate the effect of temporary *syirkah* funds on profitability, Non-Performing Finance (NPF) was unable to moderate the effect of operational efficiency on profitability in Islamic commercial banks.

Keywords: temporary *syirkah* fund, operational efficiency, profitability, non-performing finance

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1. Introduction

The current phenomenon is that the economic industrial sector continues to experience development, banking is one of the industries engaged in the economy, this also encourages increasingly fierce competition between banking institutions in fighting for public funds, especially Islamic banks which can directly or indirectly affect the achievement of banking profitability [1]. Based on the *mudharabah* rules, Islamic banks will function as partners, both with savers and with entrepreneurs who borrow funds. One form of investment by other parties in Islamic banking institutions is in the form of temporary *syirkah* funds.

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Profitability is the company's ability to generate profits where the company can find out the profit that will be generated both today and in future predictions. Profitability has an important role in the company because, through the company's high profitability, the company will be able to pay all the obligations owned by the company so that the company remains in a liquid company state [2]. The ratio of the level of profitability is needed by all companies to be able to continue their business activities.

One form of investment by third parties in Islamic banking is temporary *syirkah* funds. Temporary *syirkah* funds are funds received as a form of investment for a certain period from individuals and other parties, in which Sharia entities have the right to manage and invest their funds by sharing investment returns based on predetermined agreements. The Profitability and Efficiency of the company are factors that can influence investors in investing.

This study uses the ratio indicator Return *On Asset* (*LONG*), to measure profitability as the dependent variable, ratio *LONG* measures the effectiveness of companies in generating profits by utilizing all the assets owned by Islamic banks [3]. The reason the researcher chose to represent profitability in this study because *LONG* is a calculation of the ability of bank management to obtain profits or profitability. Besides that, *Return on Asset* is used to measure bank profitability because Bank Indonesia as a banking supervisor and supervisor prioritizes the value of a bank's profitability as measured by assets whose funds are mostly from public deposits.

To assess the operational efficiency of a bank, the authors choose the BOPO ratio as an indicator of the efficiency ratio. Operating Costs Operating Income (BOPO) is a comparison between operating costs and operating income. Operational costs are costs incurred by the bank to carry out its main business activities (such as interest costs, labor costs, marketing costs, and others). Reducing the BOPO value will increase the ROA value because a decrease in the BOPO value indicates an increase in operational efficiency by showing that the bank's operational costs are less than its operating income, so the more efficient the operations of Islamic banks, the higher the level of profitability. This theory is per research conducted by Panji, who argued that BOPO has a negative and significant effect on the ROA of Commercial Banks listed on the Indonesia Stock Exchange [4].

In financing activities carried out by Islamic Commercial Banks it can lead to the emergence of potential problematic financing or in Islamic banking terms it is commonly called Non-Performing *Finance* (NPF). This research positioned as a moderating variable to see the moderating effect of Temporary *Syirkah* Funds and Operational Efficiency (BOPO) on ROA. Moderation variables are variables that influence (strengthen

or weaken) the relationship between the independent variables and the dependent variable [5]. NPF occurs when there is a loan that has difficulty in repayment, caused by an element of intent, and can also be caused by things beyond the control that the borrower cannot handle. because in practice, not all customers can repay the loan without any problems.

Therefore, good financing management is needed, considering that the financing function is one of the biggest revenue contributors for a bank, especially Islamic banks, especially when the recent phenomenon occurred, namely the coronavirus pandemic which greatly impacted global economic growth.

2. Literatur Review

2.1. Theory Stewardship (Stevenage Theory)

Theory *Stewardship* is a theory put forward by Donaldson and Davis. Theory stewardship is a theory that explains conditions in which managers are not driven by individual goals but rather focus on goals on their main outcome goals for the benefit of the organization, this theory has a sociological and psychological basis that has been regulated in which executives as stewards (administrator) driven or motivated to act per the wishes of the principal. In addition to the attitude or behavior of the stewards trying to achieve organizational goals [6]. *Stewardship Theory* can be understood in financing products in banking financial institutions. From the funding side of Islamic commercial banks, *mudharabah* and *musyarakah* contracts dominate, indicated by the amount of Islamic commercial bank funding, *mudharabah* contracts and *musyarakah* reflected in temporary *syirkah* funds is greater than funding using other types of contracts.

2.2. Sharia banking

Banking in the life of a country is one of the agents of development (*Agent of development*). This is because the main function of banking is as an institution that collects funds from the public in the form of savings and distributes them in the form of financing [7]. Islamic banks are banks whose operational activities do not rely on taking interest. The relationship between Sharia and Islamic banking practices, namely Sharia, originates from the Qur'an and Hadith which are then interpreted by scholars called fiqh. There are two types of jurisprudence, namely those that regulate the vertical relationship between humans and God which is called the Fiqh of Worship, and the Fiqh Muamalah which

regulates the horizontal relationship between humans and creatures. In Muamalah there are economic activities and in the economy, there is a financial system, one of which is Islamic banking which is part of the Islamic Economic and Financial system [8].

2.3. Temporary Syirkah Fund

Shirkah according to language means *al-ikhtilath* which means mixing or mixing. Thus stated by Taqiyuddin. The meaning of mixing here is that someone mixes his wealth with other people's assets so that it is impossible to distinguish them. According to the term, what is meant by *syirkah* according to Sayyid Sabiq, what is meant by *syirkah* is an agreement between two unionized people based on assets (capital) and profits [9]. From the above understanding, it can be concluded that *syirkah* is a contract between two or more people who promise that they will work together by handing over their respective capital where profits and losses are borne jointly following the portion of the agreement that has been determined by each according to the contract.

2.4. Operational Efficiency

The ratio of operating expenses to operating income (BOPO) is often referred to as the efficiency ratio which is used to measure the efficiency level of a bank in carrying out its operational activities. This ratio compares operating expenses to bank operating income. The higher the BOPO value, it can be concluded that the lower the operational efficiency of the company.

2.5. ROA (Return On Asset)

ROA is used as the main measure of a company's success because ROA describes net income that has been adjusted for operational costs incurred, ROA analysis in financial analysis has a very important meaning because it is one of the comprehensive techniques (*comprehensive*). ROA analysis is an analytical technique that is commonly used to measure the level of effectiveness of the entire company's operations [10].

2.6. Non-Performing Finance (NPF)

In Islamic banking, failure to pay installments usually referred to as NPF (*Non-Performing Financing*) is problematic financing experienced by banks, this problematic financing will

affect the performance of the bank as a financial institution and will have an impact on the profit that will be obtained by the bank [11]. In this study, NPF is a moderating variable. The moderating variable is a variable that influences (strengthens and weakens) the relationship between the independent and dependent variables.

2.7. Effect of Temporary Syirkah Funds on Profitability

Temporary Syirkah Funds are part of third-party funds, where Sharia entities have the right to manage and invest these funds either by Sharia entity policies or the restriction policies of the fund owners, with profits shared according to a previously made agreement. According to Rivai and Arviyan, the more funds a bank can collect in a certain time, the more liquid the bank will be, if the bank is ready to face growing demand for credit, it means that the bank will have the ability to generate higher profits [12].

In line with that, according to research conducted by Hananto and Amijaya which stated the results, temporary *syirkah* funds have a significant positive effect on profitability (ROA) in Islamic banks in Indonesia [13]. whereas according to Nurul and Tuti temporary *syirkah* funds do not have a direct and significant effect on profitability [14]. Based on the literature review and previous research, the hypotheses that can be put forward in this study are as follows:

H1: Temporary *Syirkah* Funds have a positive and significant effect on the Profitability of Islamic Commercial Banks.

2.8. Effect of Operational Efficiency on Profitability

BOPO is a ratio that is often called the efficiency ratio, this is used to measure the ability of bank management to control operational costs against operating income. The smaller this ratio means the more efficient the operational costs incurred by the bank concerned so that the possibility of the condition of a troubled bank is getting smaller [15].

It can be concluded that operational efficiency influences bank profitability. This theory is consistent with research conducted by Alfa Dinar which states that operational efficiency has a significant negative effect on bank profitability). This means that if the value (BOPO) increases, it means that efficiency decreases, resulting in decreased bank profitability. This theory is also consistent with the research that has been conducted by Fatma and Rangga which states that partially there is a significant negative effect

between the operational efficiency variable (BOPO) on profitability (ROA) [16]. Based on the literature review and previous research, the hypotheses that can be proposed are as follows:

H2: Operational Efficiency has a significant negative effect on the Profitability of Islamic Commercial Banks.

2.9. Effect of temporary *syirkah* funds on profitability with NPF as a moderating variable

Temporary *syirkah* funds are funds originating from third-party funds where Sharia entities have the right to manage funds and invest funds, either by Sharia entity policies or restrictive policies from fund owners, with profits shared according to the agreement. The more third-party funds that come in, the more opportunities Islamic banks will have to channel funds, which in turn can increase the profits earned. Most of the third-party funds collected come from temporary *syirkah* funds, this shows that the greater the temporary *syirkah* funds collected, the income level of Islamic banks will increase along with this, the temporary *syirkah* funds will affect the level of profitability of Islamic banks [17].

In the case of channeling Islamic bank funds, there will be a financing risk or it is often associated with the risk of default where the indicators to measure this risk are Non Performing Finance (NPF). This risk refers to the potential loss faced by the bank when the financing provided to the debtor is bad or the debtor is unable to fulfill the obligations agreed at the beginning of the contract [18]. The higher the NPF ratio, the higher the non-performing financing borne by the bank. So that it will reduce the level of profitability (ROA) that will be obtained by the bank. This theory is in line with research conducted by Arum and Hisamuddin which shows the results that temporary *syirkah* funds have a significant positive effect on financing risk and profitability. Based on this, the hypothesis that can be proposed is as follows:

H3: NPF moderates the influence of Temporary Syirkah Funds on the Profitability of Islamic Commercial Banks for the 2017-2022 period.

2.10. Effect of operational efficiency on profitability with NPF as a moderating variable

Operating Costs Operating Income (BOPO) is a comparison between operating costs and operating income. The ratio of Operational Costs to Operational Income (BOPO)

is used to measure the level of efficiency and ability of a bank to carry out its operational activities. Low Operational Income Operational Costs (BOPO) show a good bank management ability to meet its operational costs in generating optimal profits so that it has an impact on better ROA. With a high NPF, it will increase operational costs used to cover losses caused by credit financing, so it has the potential to reduce profits generated by banks. Conversely, a lower NPF will reduce operational costs used to cover losses caused by credit financing, so that it can affect an increase in ROA [19].

Non-Performing Financing (NPF) is a ratio that can measure the level of risk of problem financing (Handayani et al., 2022). An increase in the NPF value will have an impact on bank performance, if the NPF is high, income will decrease which can cause problems in increasing operational costs which will be financed by the bank. And can have an impact on decreasing the bank's profitability. Based on research conducted by Simatupang and Denis shows the results of BOPO has a significant effect on the profitability of Islamic Commercial Banks. Meanwhile, the NPF variable has no significant effect on the profitability of Islamic Commercial Banks [20]. Khotimah and Susilawati's research shows that the results of problematic financing and operational efficiency have a negative and significant effect on the profitability of BTPN Syariah). Based on the literature review and previous research, the hypotheses that can be proposed are as follows:

H4: NPF moderates the effect of Operational Efficiency on the Profitability of Islamic Commercial Banks for the 2017-2022 period.

3. Methods

3.1. Data Collection Techniques

The source of data used in this research is secondary data. Secondary data is data obtained in quantitative form either in the form of documents or written reports. This secondary data is in nature to support the needs of primary data such as books, literature, and readings that are related to and support this research [21]. Secondary data in this study is in the form of annual financial report data (*Annual Report*) and financial ratios of Islamic Commercial Banks for the 2017-2021 period taken directly from the website www.ojk.co.id and from the website official of each Islamic Commercial Bank which is the sample in this study.

This study uses a causal associative approach. The causal associative approach is research that aims to determine the effect of two or more variables [21]. This research is quantitative research, with the type of data in the form of panel data. Panel data is

a combination of data fear *of you* with data cross-section. in this research, the time dimension of the research data is used as a time *series*.

3.2. Population and Sample

Population elements are all subjects that are measured and are the units to be studied [21]. In this study, the population used is Islamic Commercial Banks in Indonesia that are registered with the OJK. The sample in this study is part of the total population of Islamic Commercial Banks registered with the Financial Services Authority (OJK) of 12 banks. In this study, researchers used a purposive sampling technique for sampling. Purposive Sampling is a sample determination technique with certain considerations or criteria [21].

3.3. Data Analysis Techniques

The analytical tool used was Eviews 10 while the series of data analyses used in this study were descriptive statistics, panel data regression models, partial significant t-test, stimulation f test, R2 test, and MRA test.

3.4. Variable Operational Definitions

Operational variables are everything that is determined by researchers to be studied so that information about the research data is obtained. This study uses three variables. That is, the first independent variable is the Temporary Syirkah Fund and Operational Efficiency. The second variable is the dependent variable namely Profitability, and the third variable is the moderating variable nonperforming *finance* (NPF).

4. Results and Discussion

4.1. Descriptive statistics

After the descriptive statistical test was carried out, the results were obtained for variable X1 (Temporary Syirkah Funds), namely an average value of 5,150, a maximum value of 1,2800, and a minimum value of 36,995 with a standard deviation of 3,320. Whereas in variable X2 (Operational Efficiency) an average value of 96.51 is obtained, the maximum value is 4.95 and the minimum value is 58.07 with a standard deviation of 30.95. For

TABLE 1: Descriptive Statistics.

Var	N	Mean	Med	Max	Min	Std. Dev
X1*	48	5.150	5.220	1.2800	36.995	3.320
X2	48	96, 51	94,85	4,95	58,07	30,95
Y	48	1,66	0,65	13,58	-10,77	4,37
Z	48	2,04	1,93	4,95	0,01	1,59

Source: Data processed 2023
 Note: Units in millions of rupiah (*)

variable Y (Profitability) an average value of 1.66 is obtained, the maximum value is 13.58 and the minimum value is -10.77 with a standard deviation of 4.37. For variable Z (NPF) an average value of 2.04 is obtained, the maximum value is 4.95 and the minimum value is 0.01 with a standard deviation of 1.59.

4.2. Model Accuracy Test

Uji Chow

TABLE 2: Chow Test Results.

Effects	Statistic	d.f	Prolb.
Cross-section F	9,420065	(7,37)	0,0000

Source: Data processed 2023

In test testing *chow test* the basis for decision making is if the value *probability cross-section chi-square* < 0.05 then the selected is *fixed effect*, and preferably if the value *probability cross-section chi square* > 0.05 then the selected is *common effect*. Based on the statistical test results above, the value is obtained from a probability *cross-section chi-square* of *0.0000*, where the value is smaller than *0.05* so that the better model is used for the *fixed effect*.

Hausman test

TABLE 3: Hausman Test Results.

Test Summary	Chi-Sq. Statistic	Chi-Sq.df	Prolb
Cross-section random	1,511096	3	0,6797

Source: Data processed 2023

In test testing Hausman if the value probability < 0.05 then the method chosen is a fixed effect, but if the value probability > 0.05 then the method chosen is random

effect. Based on statistical tests performed, by value results probability is 0.6797, where the value is > 0.05 so the model used is random effect.

Lagrange Multiplier Test

TABLE 4: Lagrange Multiplier Test Results.

Nul rand. Effect) Alternatively	(nl Effect)	Cross-section one-sided	Period One-sided	Both
Breusch-Pagan		34,14649	1,814588	35,96108
		(0,0000)	(0,1780)	(0,0000)

Source: Data processed 2023

In this LM Test if the value of *Brausch Pagan* > 0.05 then the selected is *common effect* but if the result value of *Brausch Pagan* < 0.05 of the course model *random effect* is selected. Based on the results of statistical testing the value *Breusch-pagan value* shows a result of 0.0000 where the value is <0.05 which means the best estimation method is *random effect*. From the three model selection tests that have been carried out, it can be concluded that the model suggested in this study is *random effect*. *The random effect* was used to determine the relationship between the independent variables (temporary *syirkah* funds, operational efficiency) and the moderating variable (NPF) on the dependent variable (Profitability). The following are the results of the test *usually effect the model*:

The regression model of the MRA equation from this study is:

$$Y (\text{profitability}) = a + b_1X_1 + b_2X_2$$

$$Y (\text{profitability}) = a + b_1X_1 + b_2X_2 + b_3(X_1*Z) + b_4(X_2*Z)$$

Based on the results of the research above, if the equation is distributed based on the research variables, the results are as follows: $Y(\text{profitability}) = 4.710360 + 4.000010 (X_1) + -0.018788 (X_2)$

$$Y(\text{profitability}) = 4.710360 + 4.000010 (X_1) + 0.018788 (X_2) + -2.580010 (X_1*Z) + -0.004740 (X_2*Z)$$

Based on the regression model equation above, it can be described as follows:

A constant value of 4.710360, can be interpreted if the independent variable is constant or fixed, then profitability will be worth 4.710360.

The regression coefficient value of variable X1 (Temporary Syirkah Fund) is 4.000010 with a positive coefficient direction. This means that if the temporary *syirkah* funds increase by 1 unit, the profitability will increase by 4.000010, assuming other variables remain the same.

TABLE 5: Multiple Linear Regression Test Results. (Random Effect Model).

Dependent Variable: Y				
Method: Panel EGLS (Cross-section random effects)				
Date: 07/03/23 Time: 14:19				
Sample: 2017 2022				
Periods included: 6				
Cross-sections included: 8				
Total panel (balanced) observations: 48				
Swamy and Arolra estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.710360	1.256066	3.750091	0.0005
X1	4.00E-10	1.36E-10	2.938457	0.0053
X2	-0.018788	0.011893	-1.579660	0.1215
X1_Z	-2.58E-10	6.83E-11	-3.782470	0.0005
X2_Z	-0.004740	0.002510	-1.888818	0.0657
Effects Specification				
			S.D.	Rhol
Cross-section random			1.635750	0.5490
Idiosyncratic random			1.482532	0.4510
Weighted Statistics				
R-squared	0.645022	Mean dependent var		0.577998
Adjusted squared R	0.612001	S.D. dependent var		2.672545
S.E. of regression	1.664716	Sum squared resid		119.1651
F-statistic	19.53359	Durbin-Watson stat		1.718148
Prob(F-statistic)	0.000000			
Unweighted Statistics				
R-squared	0.572080	Mean dependent var		1.665625
Sum squared resid	384.1713	Durbin-Watson stat		0.532948

Source: Data processed 2023

The regression coefficient value of variable X2 (Operational Efficiency) is 0.018788 with a positive coefficient direction. This means that if operational efficiency increases by 1 unit, profitability will increase by 0.018788, assuming other variables remain the same.

The regression coefficient value of the variable X1*Z (Temporary Syirkah Fund*NPF) is 2.580010 with a negative coefficient direction. This means that if the interaction

between the variables of temporary *syirkah* funds and NPF increases by 1 unit, profitability will decrease by 2.580010 assuming other variables remain the same.

The regression coefficient X2*Z (Operational Efficiency*NPF) value is 0.004740 with a negative coefficient direction. This means that if the interaction between operational efficiency and NPF variables increases by 1 unit, profitability will decrease by 0.004740 assuming other variables remain the same.

4.3. Hypothesis test

T-test

The t-statistical test is a test carried out to see how far the influence of individual independent variables in interpreting the variation of the dependent variable

TABLE 6: T-test results.

Variable	Coefficient	Prolb
X1	4.000010	0.0005
x2	0,018788	0,1215
X1_Z	-2.580010	0.0005
X2_Z	-0,004740	0,0657

Source: Data processed 2023

4.4. Effect of Temporary Syirkah Funds on Profitability

Based on the t-test above, the t statistic value is 2.938457 and a significant value is 0.0005. The significant level used is 5%, so the value is 0.0005 <0.05. Thus it can be concluded that temporary *syirkah* funds affect profitability.

Effect of Operational Efficiency on Profitability

Based on the t-test above, the t-statistical value of the operational efficiency variable is -1.579660 and the significance value is 0.1215. a significance level of 5%, with a significance value of X2, 0.1215 > 0.05. it can be concluded that operational efficiency does not affect profitability.

Effect of Temporary Syirkah Funds on Profitability moderated by NPF

Based on the t-test results, with a statistical t value of -3.782470 with a significant value of 0.0005. a significance level of 5% with this variable significance value of temporary *syirkah* funds moderated by NPF 0.0005 <0.05. Thus it can be concluded that there is a

significant negative effect between the variables of temporary *syirkah* funds moderated by NPF on profitability.

4.5. Effect of Operational Efficiency on Profitability moderated by NPF

Based on the results of the t-test, with a statistical t value of -1.888818 with a significant value of 0.0657. A significant level of 5% with this operational efficiency variable significance value moderated by NPF $0.0657 > 0.05$. Thus it can be concluded that there is no influence between operational efficiency variables moderated by NPF on profitability.

F test

TABLE 7: F test results.

F-statistic	19,53359
Prolb (F-statistic)	0,000000

Source: Data processed 2023

Based on the F test above, the F-statistic value is 19.53359. With a significance value of 0.000000. with a significance level of 5%, then $0.000000 < 0.005$. means that the independent variable and the variable moderated by the NPF variable have a significant effect on the Profitability variable.

Uji R2

The R-square test is intended to assess the ability of the independent variables to explain the dependent variable.

TABLE 8: R2 Test Results.

R-squared	0.645022
Adjusted R-squared	0.612001

Source: Data processed 2023

Mark *Adjusted R-squared* in this study amounted to 0.612001 or 61.20%. meaning that Profitability can be influenced by temporary *syirkah* fund variables and operational efficiency of 61.20%. while 38.8% is influenced by other variables not present in the model.

4.6. Discussion

4.6.1. Effect of Temporary Syirkah Funds on Profitability

From the test results that have been carried out, the effect of temporary *syirkah* funds on profitability is a regression coefficient value of 4.000010 with a value probability 0.0005 where the value is <0.05 . So the hypothesis states that temporary *syirkah* funds have a positive and significant effect on the profitability of H_1 accepted. So it can be concluded that the variable temporary *syirkah* funds has a significant positive effect on profitability.

The results of this study are in line with research conducted by Noval and Lisda [3] that the variable temporary *syirkah* funds have a positive and significant effect on the profitability of Islamic banks [3]. This is because the greater the temporary *syirkah* funds collected, the greater the profitability because the greater the funds that will be managed to generate profits.

Temporary *syirkah* funds are funds received by the Bank as the fund manager where the Bank has the right to manage and invest funds, either by Bank policy or the restriction policy of the owner of the funds, with profits shared according to the agreement [22]. These temporary *syirkah* funds are part of third-party funds which are the most important source of funds for bank operations. Temporary *syirkah* funds come from deposits in the form of savings, demand deposits, and time deposits.

4.6.2. Effect of Operational Efficiency on Profitability

The regression coefficient value of the operational efficiency variable is -0.018788 with a probability value of 0.1215 where the value is > 0.05 , so the hypothesis states that operational efficiency has a negative and significant effect on profitability H_2 rejected. So it can be concluded that the operational efficiency variable does not affect profitability.

The results of this study are in line with research conducted by Daniel Nugroho, *et al* (2019) that the BOPO variable does not affect profitability [23].

In this study operational efficiency was measured using the BOPO ratio, in theory stating that the higher the BOPO, the lower profitability will be and vice versa [24]. The results of this study have the opposite relationship with the theory. The results showed that the high or low BOPO ratio did not affect profitability. In this case, operational efficiency is indeed related to how a company manages its resources and business processes to minimize production costs such as raw material costs, labor, and overhead costs and increase productivity. Other factors affect profitability such as the right business strategy, effective marketing, and so forth. Therefore, even though operational efficiency can help reduce production costs, the reduction in production costs can only

result in a small increase in profit margins that is not significant so it does not affect the level of company profitability.

4.6.3. NPF Able to Moderate Temporary *Syirkah* Funds on Profitability

The regression coefficient value is -2.580010 with a probability value of 0.0005 where the value is < 0.05 . It is stated that temporary *syirkah* funds have a negative and significant relationship to profitability after being moderated by NPF so this is by the research hypothesis which states that NPF can moderate the relationship between temporary *syirkah* funds to profitability H_3 accepted.

Islamic banks have temporary *syirkah* funds which are part of third-party funds, temporary *syirkah* funds are funds raised by Islamic banks where the bank has the right to invest these funds for profit [13].

An increased NPF value will affect investor and public trust which it can affect the collection of funds from the public, if fewer funds are collected and are not balanced with the financing distributed then this can affect the level of profitability of a bank because there will be problematic financing. This is in line with research conducted by Edy and Hendry which states that NPF has a significant negative effect on profitability [25].

4.6.4. NPF Not Able to Moderate Operational Efficiency Against Profitability

The regression coefficient value is -0.004740 with a probability value of 0.0657 where the value is > 0.05 . This means that these results are not by the research hypothesis so H_4 was rejected. Based on the results of the study, it shows that NPF is not able to moderate operational efficiency variables on profitability. This is due to the prudential attitude of the company's management in disbursing financing to minimize losses from customer failure to pay their obligations and cause the NPF to have little effect on the relationship between operational efficiency and profitability. This is in line with research conducted by Malik and Anwar which states that NPF is not able to moderate the effect of BOPO on the Profitability of Islamic commercial banks [26].

Operational efficiency is the cost that must be incurred by the bank in fulfilling its business operations, operational efficiency can be measured by dividing operational costs with BOPO operating income). The BOPO ratio is used to measure the level of efficiency and ability of a bank to carry out its operations [27]. A low BOPO ratio shows

a good bank management ability to meet its operational costs in generating optimal profits.

A high NPF value can affect a bank's performance including the potential for a decrease in profitability because it will experience a decrease in income, but the NPF is also a signal for banks to be responsive in handling financing risks so that management can instill a prudent attitude. Banks can make efforts to save troubled financing, which can be done, among others, by taking action *Rescheduling, Reconditioning* (Reconditioning), restructuring (Rearrangement) which in banking terms is better known as 3R. to avoid losses, by controlling existing risks, banks will try their best to maintain public trust.

5. Conclusion

Temporary *syirkah* funds affect the profitability of Islamic Commercial Banks. This is because, the greater the temporary *syirkah* funds collected, the greater the profitability because the greater the funds that will be managed to generate profits. Operational efficiency does not affect the profitability of Islamic Commercial Banks. this is because operational efficiency alone is not enough to guarantee high profits or profitability but other factors affect profitability. NPF can moderate temporary *syirkah* funds on the profitability of Islamic Commercial Banks. this is because the increased NPF value will affect investor and public trust where it can affect the collection of funds from the public, if fewer funds are collected and are not balanced with the financing distributed then this can affect the level of profitability of a bank because there will be financing problem. NPF is not able to moderate operational efficiency on the profitability of Islamic Commercial Banks. This is due to the prudential attitude of the company's management in disbursing financing to minimize losses from customer failure to pay their obligations and cause the NPF to have little effect on the relationship between operational efficiency and profitability.

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