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Factors Affecting Profit Distribution Management in Sharia Banks in Indonesia

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Abstract

This study aims to determine the effect of Capital Adequacy Ratio, Effectiveness of Third Party Funds and Risk of Financing on Distribution Management Profit in Islamic Banks in Indonesia in 2013-2017. The strategy used is associative causal. This type of research is quantitative. The data of this study are secondary. The population of this study is Islamic banks in Indonesia that have been officially registered in the Financial Services Authority (OJK) from 2013 to 2017. The research sample is determined by purposive sampling method, so that the number of samples, there are 10 Islamic banks. The data collection technique used is the documentation obtained through the from each bank sample. The research method used is multiple regression analysis, descriptive statistical analysis, classic assumption test and hypothesis test. The data processing tool used is Eviews 9.0 software with panel data regression method. The results of this study are (1) Capital Adequacy Ratio has an effect on Profit Distribution Management, (2) Effectiveness of Third Party Funds does not affect the Distribution Management Profit, (3) Financing Risk has an effect on Profit Distribution Management.

Keywords: Distribution Management Profit, Capital Adequacy Ratio, Third Party Fund Effectiveness, Financing Risk

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1. Introduction

The successful growth of Islamic banks in Indonesia has produced positive results. Improving financial performance has a tremendous impact on the bank's business in maintaining the trust of its customers to remain loyal to use its services. The main principle that Islamic banks must develop in improving financial performance is the ability of Islamic banks to manage funds. That is the ability of Islamic banks to provide optimal results for customers. Profit sharing is arranged based on products that are the customer's choice for the bank, as well as approval of the ratio. The management of Islamic banks must pay attention to the level of profit sharing through the management of Profit Distribution Management. In this case there are several factors that influence PDM such as: Capital Adequacy Ratio, Effectiveness of Third Party Funds and Financing Risk.

In the research conducted by Mulyo and Mutmainah (2013), the CAR variable has a positive effect on PDM. But it is different from the research conducted by Arrummi (2018) which shows that the CAR results have no effect on PDM. Whereas the research conducted by Rachman (2017) has proven it, with results where FDR has a negative effect on PDM. However, in contrast to the research conducted by Rifadil and Muniruddin (2017), his research showed that the FDR results did not affect PDM.

The last in the research conducted by Rifadil and Muniruddin (2017) shows the results that financing risk has a significant effect on PDM. But it is different from the research conducted by Arrummi (2018) which shows that financing risk has no effect on PDM. Based on the explanation above, researchers are interested in conducting research with title "FACTORS AFFECTING PROFIT DISTRIBUTION MANAGEMENT IN SHARIA BANKS IN INDONESIA".

1.1. Theoretical basis

1.1.1. Islamic Bank

Based on Act number 21 of 2008 concerning Sharia Banking chapter 1 article 1, Sharia Banking is everything related to Sharia Banks and Sharia Business Units (UUS), including institutions, business activities, and the ways and processes in carrying out their business activities. Whereas Sharia Banks are banks that carry out their business activities based on sharia principles and according to their type consist of Sharia Commercial Banks and Sharia Financing Banks.

1.1.2. Profit Distribution Management (PDM)

Profit Distribution Management (PDM) is the profit sharing of Islamic banks to depositors based on the agreed ratio each month. Profit Distribution Management is based on products that are the choice of depositors to the bank, as well as approval of the ratio. There are many definitions of Profit Distribution Management. According to Farook et al (2012) to calculate Profit Distribution Management (PDM) which refers to interest rates, Asset Spread can be used. Asset Spread can be formulated as follows:

$$Asset\,Spread = |(ROA - average\ ROIAH)|$$

$$Average\ ROIAH = \frac{Income\ must\ be\ shared}{The\ average\ balance\ of\ depositors'\ profit - sharing\ instruments} \quad (1)$$

1.2. Capital Adequacy Ratio

Understanding CAR (Capital Adequacy Ratio) is a capital adequacy ratio that functions to accommodate the risk of losses that might be faced by banks. The higher the CAR, the better the bank's ability to bear the risk of each risky credit / productive asset. CAR value is high so the bank is able to finance operational activities and provide a significant contribution to profitability (Kasmir, 2015:121). Capital Adequacy Ratio (CAR) can be calculated using the following formula:

$$CAR = \frac{Bank\ Capital}{Total\ ATMR} \times 100 \tag{2}$$

1.3. Effectiveness of Third Party Fund

The effectiveness of Third Party Funds is a reflection of the bank's intermediation function, namely in channeling third party funds to financing. The effectiveness of Third Party Funds can be measured by financing to deposit ratio (FDR). FDR is the ratio between the amount of credit given and funds received by the bank (Antonio, 2011). How to calculate FDR as follows:

$$FDR = \frac{Total\ Financing}{Total\ Third\ Party\ Funds} \times 100 \tag{3}$$

1.4. Financing Risk

Herman in Pransisca (2014) defines financing risk as a risk caused by a counterparty failure in fulfilling its obligations. The financing risk can be known by using the ratio of non-performing financing (NPF). Based Islamic principles formulated as follows:

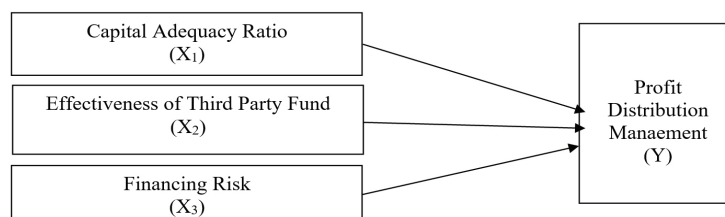$$NPF = \frac{Total\ Troubled\ Financing}{Total\ Financing} \times 100 \tag{4}$$

Figure 1: Conceptual Framework.

2. Methods and Equipment

The research strategy used in this study was associative causal. Sugiyono (2017: 36-37) also stated that associative causal is the formulation of research problems which is the question of the relationship between two or more variables. A causal relationship is a causal relationship, so in this study there are independent variables (which influence) and dependents (influenced).

The population in this study are all 13 Sharia Commercial Banks in Indonesia. With The number of bank samples from this study is 10, while the amount of data used is 200 data.The technique for determining the sample used is purposive sampling, namely the determination technique by considering certain things (Sugiyono, 2017). Criteria for taking samples in this study as follows:

a. Bank Aceh Syariah, because it was only formed in 2016

b. Sharia National Retirement Savings Bank, because it was only formed in 2014.

c. Bank Victoria Syariah, because it does not have the data needed in 2013 to 2015

2.1. Hypothesis Testing Model

Linear data panel regression is used to examine the effect of two or more independent variables on one dependent variable and observations on several individuals (entities) in several consecutive time periods.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e_i \tag{5}$$

Information:

Y = Profit Distribution Management

α = Coefficient of constants

β_1 s.d.β_3 = Independent variable regression coefficient

X_1 = Capital Adequacy Ratio

X_2 = Effectiveness of Third Party Funds

X_3 = Financing Risk

e_i = Prediction error(error)

3. Results

3.1. Descriptive Statistical Analysis

Statistical testing was carried out to provide an overview of the research variables regarding the mean (mean), maximum value, minimum value and standard deviation.

TABLE 1: Descriptive Statistic.

	PDM	CAR	FDR	NPF
Mean	-0.004940	0.219240	0.995008	0.050544
Median	-0.001853	0.164100	0.936400	0.037050
Maximum	0.076481	0.758300	2.570800	0.465500
Minimum	-0.207400	0.107400	0.718700	0.000000
Std. Dev.	0.030684	0.133496	0.250851	0.064658
Source: data processed Eviews, 2019				

3.1.1. Profit Distribution Management

Based on the results of table statistic calculations it can be seen that the average Profit Distribution Management generated by BUS in this study is -0.004940 out of 200 existing data. Values of standard deviation or standard deviation 0.030684 Profit Distribution Management is far greater than the average (mean) and means that the extent of the deviation data is small. The minimum PDM value is -0.207400, which means that the PDM of at least -20.74% is found in Maybank Syariah Indonesia in the 4th quarter of 2015. The PDM maximum value is 0.076481 which means the highest Profit Distribution Management is 7.65% in Maybank Syariah Indonesia 2nd quarter of 2017. A considerable difference between the maximum and minimum values can occur because in that year Maybank Syariah experienced a decline and a large increase in Return on Assets in that period. This is what causes a considerable difference in Profit Distribution Management.

3.1.2. Capital Adequacy Ratio

Based on the results of the statistical calculation of the table above, the Capital Adequacy Ratio has an average value of 0.219240, which means that the average CAR is 21% of the 200 data available. When compared with the minimum CAR value determined by Bank Indonesia at 8%, the average value of this study is good. The standard deviation

value is 0.133496. Then CAR produces a minimum value of 0.107400 which means the percentage of the smallest CAR is 10.74% of 200 data. The BUS with the lowest CAR percentage is Bank Syariah Bukopin in the second quarter of 2014. Although it has the lowest CAR value of the 200 data of this study, the value is still greater than the minimum CAR value determined by Bank Indonesia. The maximum value of CAR which is 0.758300 means the highest percentage of CAR produced is 75.83%. The bank that owns this percentage is Maybank Syariah in the 4th quarter of 2017.

3.1.3. Effectiveness of Third Party Funds

Based on the results of table statistic calculations it can be seen that the average Third Party Fund Effectiveness (FDR) has a value of 0.995008, which means that the average value of FDR in this study is 99.50% of 200 data. If you see the position of the average value, the value in the middle of the criteria that determine the FDR of a bank can be said to be good. A good FDR value is at $80\% \leq FDR \leq 110\%$, which is why the FDR average of this study is good. The standard deviation value is 0.250851. The minimum FDR value is 0.718700 which means the minimum number of FDR percentage produced is 71.87%, which is generated by BRI Syariah in the 4th quarter of 2017. Then, the maximum value of the percentage of FDR produced is 2.570800 which means that the highest percentage produced is amounting to 257.08%, which is produced by Maybank Syariah in the third quarter of 2013. If the minimum and maximum values are seen, it is definitely beyond the criteria of a good FDR value, because if the FDR value is low it means the bank is less effective in channeling financing. The problem is different if the FDR is too high, the bank shows the risk of more liquidity conditions in the bank.

3.1.4. Financing Risk

Financial risk (NPF) based on tables has an average value of 0.050544, which means that the average NPF value is 5.05% of 200 data. When compared with the maximum NPF set by Bank Indonesia, it can be said to be almost good. The average value of this study is said to be almost good because the maximum NPF limit is 5%. The standard deviation value is 0.064658. Then the minimum value of NPF is 0.000000 which means the percentage of NPF produced at the lowest is 0%. The lowest NPF BUS is Maybank Syariah in quarter 2, 3 and 4 in 2017. While the maximum value of NPF is 0.465500 which means the highest percentage of NPF is 46.55% produced by Maybank Syariah in the first quarter of 2016.

3.2. Classical Assumption Test Results

3.2.1. Normality test

The normality test aims to test whether the independent variable and dependent variable regression models or both have a normal distribution or not. In this study, the normality test uses the Jarque-Bera test with a histogram provided that:

a. If the probability value is less than 0.05, then Ho is accepted and Ha is rejected, meaning that the data is not normally distributed.

b. If the probability value is greater than 0.05, then Ho is rejected and Ha is accepted, meaning that the data is normally distributed..
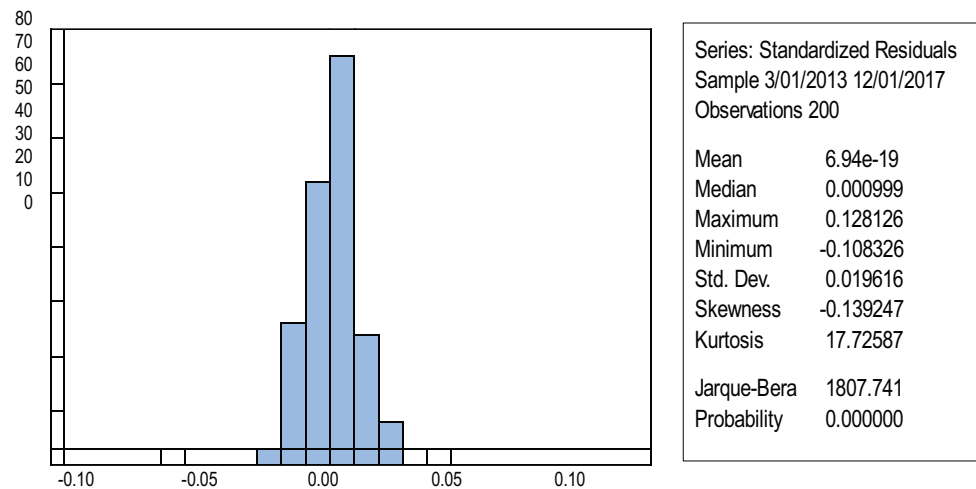

Figure 2: Normality test output (Source: data processed Eviews, 2019).

Based on the results of the Jerque-Bera histogram above, the probability value is 0, 000000, thus it can be concluded that the data used in this study are not normally distributed, because the Jerque-Bera probability value is smaller than 0.05, which is 0.000000 > 0.05.

3.2.2. Multicollinearity Test

Multicollinearity is a relationship that occurs between independent variables. To find out whether there is multicollinearity, the correlation test is used by using a correlation matrix on the basis of the following decisions:

a. If the correlation matrix value is greater than 0.80 then Ho is accepted and Ha is rejected, meaning that the model contains multicollinearity.

b. If the correlation matrix value is smaller than 0.80 then Ho is rejected and Ha is accepted, meaning that the model does not contain multicollinearity.

Table 2: Multikolinearity test.

	CAR	FDR	NPF
CAR	1.000000	0.674252	0.205027
FDR	0.674252	1.000000	0.318019
NPF	0.205027	0.318019	1.000000
Source: data processed Eviews, 2019			

Based on the results of the correlation test in the table above, it appears that there are no variables that have a correlation value above 0.80. This means that there is no relationship between the independent variables in this study or means that the regression model in this study does not contain multicollinearity.

3.2.3. Heteroscedasticity Test

Heteroscedasticity test aims to examine whether the regression model occurs inequality of variants from residuals in one observation to another observation. Testing heteroscedasticity Arch. To find out whether there are heterocedasticity problems, the provisions are:

a. If the Chi-Square Probability value is smaller than 0.05, then Ho is accepted and Ha is rejected, meaning that there is a problem with heteroscedasticity.

b. If the Probability Chi-Square value is greater than 0.05, then Ho is rejected and Ha is accepted, meaning that there is no problem of heteroscedasticity.

Table 3: Heterokedasticity test.

Heteroskedasticity Test: ARCH			
F-statistic	2.489504	Prob. F(1,197)	0.1162
Obs*R-squared	2.483396	Prob. Chi-Square(1)	0.1151
Source: data processed Eviews, 2019			

Based on the test results of the Arch heterocedasticity in the table above shows the Chi-Square Probability value of 0,1162, where the value is greater than 0.05. Thus it can be concluded that the equation regression model in this study does not occur or is free from heteroscedasticity.

3.2.4. Autocorrelation Test

Autocorrelation test aims to determine whether the regression model occurs from the residual correlation for observing one with the other observations arranged according to time series. To detect the presence or absence of autocorrelation is to use the *Breusch-Godfrey* (BG) test method, better known as the *Langrange-Multiplier* (LM) Test with the following conditions:

a. If the Chi-Square Probability value is less than 0.05, then Ho is accepted and Ha is rejected, meaning that there is an autocorrelation problem.

b. If the Chi-Square Probability value is greater than 0.05, then Ho is rejected and Ha is accepted, meaning that there is no autocorrelation problem..

TABLE 4: Autocorelation test.

Breusch-Godfrey Serial Correlation LM Test:			
F-statistic	7.963160	Prob. F(4,192)	0.0000
Obs*R-squared	28.45858	Prob. Chi-Square(4)	0.0000
Sumber: data diolah Eviews, 2019			

Based upon test results in the above table that shows the Probability Chi-Square 0.0000, where the value of less than 0.05. Thus it can be concluded that the model in this study have or there is a problem of autocorrelation.

3.2.5. Linear Data Panel Regression Analysis

The panel linear regression of the model data is as follows:

TABLE 5: Panel linear regression model.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CAR	0.279623	0.037310	7.494664	0.0000
FDR	-0.017285	0.010673	-1.619464	0.1072
NPF	-0.228198	0.032690	-6.980599	0.0000
C	-0.037512	0.013727	-2.732814	0.0070
Source: data processed Eviews, 2019				

From the results of the data in the table above obtained by the panel data multiple linear regression equation are as follows:

$$Y = -0.037512 + 0.279623 CAR - 0.017285 FDR - 0.228198 NPF + \epsilon l \qquad (6)$$

The interpretation of the panel data multiple linear regression equation above is as follows:

a. The constant value obtained is -0.037512; meaning in statistical calculations, if the variable is Capital Adequacy Ratio, Effectiveness of Third Party Funds and Financing Risk is 0, the amount of Distribution Management Profit is -0.037512.

b. Capital Adequacy Ratio regression coefficient value of 0.279623; meaning in statistical calculations, if Capital Adequacy Ratio increases by 1 unit assuming other variables are considered constant, the Profit Distribution Management will increase by 0.279623.

c. Coefficient value regression Effectiveness of Third Party Funds -0.017285; meaning that in statistical calculations, if the Effectiveness of Third Party Funds increases by 1 unit assuming other variables are considered constant, Profit Distribution Management will decrease by 0.017285.

d. Financing Risk regression coefficient value of -0.228198; meaning in statistical calculations, if Financing Risk increases by 1 unit assuming other variables are considered constant, Profit Distribution Management will decrease by 0.228198.

3.2.6. Hypothesis testing

The t test aims to determine the effect of independent variables consisting of Capital Adequacy Ratio (X_1), Effectiveness of Third Party Funds (X_2), Financing Risk (X_3) to Profit Distribution Management (Y). The t test is carried out by looking at significance or α, where in this study α used is 5% or 0.05. To do the t test, it is used by comparing the probability value of t from each independent variable to α, which is 5% with the following criteria:

1. If the probability value is greater than 5%, or 0.05, H_0 = received and H_1 = rejected, meaning partially independent variable has no effect on the dependent variable.

2. If the probability value of less than 5%, or 0.05, H_0 = rejected and H_1 = acceptable, meaning partially independent variables affect the dependent variable.

TABLE 6: Partial t-test.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CAR	0.279623	0.037310	7.494664	0.0000
FDR	-0.017285	0.010673	-1.619464	0.1072
NPF	-0.228198	0.032690	-6.980599	0.0000
C	-0.037512	0.013727	-2.732814	0.0070
Source: data processed Eviews, 2019				

Based on the results of the processed data in the table above, it can be seen that the influence of each independent variable on the dependent variable is as follows:

Capital Adequacy Ratio has a regression coefficient of 0.279623 and significant results in the probability value is less than α (0.0000 < 0.05), then H_0 is rejected. This has a partial meaning that the variable capital adequacy ratio has a positive and significant influence on Profit Distribution Management. Thus, H_1 regarding "Capital Adequacy Ratio has an influence on Profit Distribution Management" is accepted.

Effectiveness of Third Party Funds has a regression coefficient of -0.017285 and results that are not significant on the value of probability Effectiveness of Third Party Funds is greater than α (0.1072 > 0.05), then H_0 is accepted. This has a partial meaning that the Third Party Fund Effectiveness variable does not have a positive and significant effect on Profit Distribution Management. Thus, H_2 concerning "Effectiveness of Third Party Funds having an influence on Profit Distribution Management" is rejected.

Financing Risk has a regression coefficient of -0.228198 and significant results on the probability value of Financing Risk which is smaller than α (0.0000 <0.05), then $H_0$is rejected. This has a partial meaning that the Financing Risk variable has a negative and significant influence on Profit Distribution Management. Thus, H_3 concerning "Financing Risk has an influence on Profit Distribution Management" is accepted.

3.2.7. Determination Coefficient Test (R^2)

Testing the coefficient of determination (R^2) is used to measure the proportion explained by the independent variable in the model to the dependent variable, and the remainder is explained by other variables not used in the model. The coefficient of determination is between zero and one value ($0 \leq R^2 \leq 1$), which is owned by R^2 can be overcome by Adjusted R^2. The greater the Adjusted R^2 value, the better the model. The following is the result of the calculation of the coefficient of determination carried out by the researcher:

Based on the above table the test results of the coefficient of determination (R^2) can be seen that the value of R^2 obtained is 0.652232, meaning that 65.22% of the variation in Distribution Management Profit in Islamic Commercial Banks in Indonesia in 2013-2017 can be explained by variations in the three independent variables namely the capital adequacy ratio, the effectiveness of third party funds and risk financing while the remaining 34.78% is explained by other variables not analyzed in this study.

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TABLE 7: Determination Coeficient test.

Effects Specification			
R-squared	0.652232	Mean dependent var	-0.004940
Adjusted R-squared	0.588060	S.D. dependent var	0.030684
S.E. of regression	0.019694	Akaike info criterion	-4.871404
Sum squared resid	0.065156	Schwarz criterion	-4.343673
Log likelihood	519.1404	Hannan-Quinn criter.	-4.657839
F-statistic	10.16388	Durbin-Watson stat	1.549846
Prob(F-statistic)	0.000000		
Source: data processed Eviews, 2019			

4. Discussions

4.1. Effect ofCapital Adequacy Ratio on Profit Distribution Management

The first hypothesis (H_1) states that Capital Adequacy Ratio has an influence on Profit Distribution Management. Panel data regression statistically shows a regression coefficient of 0.279623 and a significant result on the probability capital adequacy ratio (X_1) that is smaller than α (0.0000<0.05). This value indicates that the capital adequacy ratio has a positive and significant influence on the Profit Distribution Management so that the first hypothesis is accepted. The same results have also been proven in the research conducted by Kartika (2014).

The acceptance of this first hypothesis supports the statement that high CAR make banks able to reduce the risks that arise, so bank managers are more willing to do profit distribution management (PDM) which refers to interest rates because the bank is in a safe condition. If associated with stake-holder theory, Islamic banks will increase PDM which refers to interest rates to satisfy their depositors.

4.2. Effect of Third Party Fund Effectiveness on Profit Distribution Management

The second hypothesis (H_2) states that the effectiveness of third-party funds has influence dap terha Profit Distribution Management. Panel data regression statistically shows the regression coefficient value of -0.017285 and results that are not significant on the probability value the effectiveness of third party funds (X_2) which is greater than α (0.1072 > 0.05). This value indicates that the effectiveness of third-party funds do not have a positive and significant impact on the profit distribution management so second

hypothesis is rejected. The same results have also been proven in research conducted by Rifadil and Muniruddin (2017).

The second hypothesis is rejected because, even though banks make use of funds as effectively as possible, it will not necessarily affect profit distribution management. Because, if the bank experiences profits due to the use of effective funds, the bank will use the benefits of increasing the operation of the bank so that the bank's performance is maximum and constant. Or maybe even the bank will use these benefits to cover the short-term or long-term problems that the bank will face.

4.3. Effect of Financing Risk on Profit Distribution Management

The third hypothesis (H_3) states that Financing Risk has an influence on Profit Distribution Management. Panel data regression statistically shows the regression coefficient value of -0.228198 and the results are significant on the probability value of financing risk (X_3) which is smaller than α (0.0000 <0.05). This value indicates that financing risk has a negative and significant effect on profit distribution management so that the third hypothesis is accepted. The same results have also been proven in research conducted by Martika (2017).

The acceptance of this third hypothesis supports the theory which states that NPF is a ratio to measure the ability of banks to maintain the risk of failure of credit returns by debtors. The better the quality of financing channeled by the bank, the smaller the NPF rate. The higher the NPF ratio, the worse the quality of Islamic bank financing. Because this ratio shows the amount of failure caused by the bank. If the bank has a high level of financing risk (NPF), this indicates that the bank's ability to generate income will decrease, and the profit share that will be given to customers will be small, which led to the impact of the bank being unable to do Profit Distribution Management.

The results of this study indicate that the Capital Adequacy Ratio and Risk of Financing have an influence on the Distribution Management Profit, while the Effectiveness of Third Party Funds has no effect on Profit Distribution Management.

Capital Adequacy Ratio has an influence on Profit Distribution Management because, CAR is a capital adequacy that shows the ability of banks to maintain sufficient capital to cover the risk of losses that will arise. If the CAR of a bank is high, the bank will be able to cover the risks that arise, so that bank managers are more courageous to do Profit Distribution Management which refers to interest rates because the bank is in a safe condition.

Financing Risk has an influence on Profit Distribution Management because financing risk is measured by Non Performing Financing. Where, NPF is a ratio to measure the ability of banks to maintain the risk of failure of credit returns by debtors. So the smaller the NPF the better, meaning the risk of failure caused by the bank is small. For this reason, if the NPF of a bank is high, it will be indicated that the bank's ability to generate income will decrease, and the profit sharing that will be distributed to customers will be small. This will affect the bank in making a decision to do Profit Distribution Management, because the bank does not dare to do so because of its declining income.

The effectiveness of Third Party Funds does not affect the Distribution Management Profit because, although the bank makes use of existing funds as effectively as possible, the bank will only provide results based on agreement. The remainder of the profits earned after the uncertain Profit Distribution Management will be made, because the bank will probably use it to improve the bank's operational performance, or be used to cover future risks, perhaps the bank will reprocess the revenue.

5. Conclusion

This study aims to analyze what factors influence Profit DistributionManagement. The samples used were 10 Islamic banks that were officially registered at the OJK or IDX in 2013-2017. Based on the formulation of the problem, objectives, basic theories, hypotheses, test results, data analysis and discussion of the effect of capital adequacy ratio, the effectiveness of third-party funds and risk financing for Profit Distribution Management (PDM) to the financial statements year will menggun banking 2013-2017 syariah it's the object of research. The results of this study can be summarized as follows:

5.1. Capital Adequacy Ratio

Capital Adequacy Ratio has an effect on Profit Distribution management (PDM). This is evidenced by the probability value of 0.0000 which is smaller than α. So the statement about a high Capital Equity Ratio makes banks able to reduce the risks that arise, so that bank managers are more daring to do Profit Distribution Management which refers to interest rates because the bank is in a safe condition can be accepted. The results of the Capital Adequacy Ratio are also the same as the previous research conducted by Mulyo and Mutmainah (2013), whose results from their research are that the Capital Adequacy Ratio has an influence on Profit Distribution Management.

5.2. Effectiveness of Third Party Funds

The effectiveness of Third Party Funds does not affect the Profit Distribution Management (PDM).

This is evidenced by the probability value of 0.3184 which is greater than α. Then the statement about the Effectiveness of Third Party Funds, namely the more productive funds deposited by banks in financing, there is a possibility that the bank's ability to generate income will increase. Increased income of Islamic banks will affect Islamic banks to be more courageous in conducting Profit Distribution Management unacceptable. The results of the Effectiveness of Third Party Funds are also the same as previous studies conducted by Rifadil and Muniruddin (2017), the results of which are that the Effectiveness of Third Party Funds has no influence on Profit Distribution Management.

5.3. Financing Risk

Financing Risk has an effect on Profit Distribution management (PDM). This is evidenced by the probability value of 0.0000 which is smaller than α. Then the statement about Risk Financing is if the bank has a high level of financing risk (NPF), this indicates that the bank's ability to generate income will decrease, and the profit sharing that will be given to customers will be small, resulting in the influence of the bank not to do Profit Distribution Management is acceptable. The results of the Financing Risk are also the same as the previous research conducted by Rifadil and Muniruddin (2017), whose results from his research are that Financing Risk has an influence on Profit Distribution Management.

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