Al-bank: Journal of Islamic Banking and Finance
e-ISSN: 2797-8265, p-ISSN: 2797-9466
http://dx.doi.org/10.31958/ab.v5i2

Falah Profit of Sharia Rural Banks in West Sumatra: Impact of Funding and Financing

Rahmat Kurnia[1]
UIN Imam Bonjol, Padang, Indonesia
Email:rahmatkurnia@uinib.ac.id

Nur Avivah Maharani[2]
UIN Imam Bonjol, Padang, Indonesia
Email: nuravivahmaharani02@gmail.com

Helmalia[3]
UIN Imam Bonjol, Padang, Indonesia
Email:helmalia@uinib.ac.id

Gusti Dirga Alfakhri Putra[4]
UIN Imam Bonjol, Padang, Indonesia
Email: gusti.dirga@uinib.ac.id

Haura Hazimah Melzatia[5]
Universitas Brawijaya, Malang, Indonesia
Email: hauramelzatia@student.ub.ac.id

Corresponding Author

Email:
rahmatkurnia@uinib.ac.id

Keywords
Mudharabah Savings;
Mudharabah Time Deposit;
Sale and Purchase;
Falah Profit.

Abstract

This study aims to examine the influence of funding and financing activities—specifically Mudharabah Savings, Mudharabah Deposits, and buying and selling transactions on the Falah Profit of Sharia Rural Banks (BPRS) in West Sumatra over the period from 2015 to 2023. Employing a descriptive quantitative methodology with panel data regression analysis, secondary data were collected from the official financial reports published on the OJK website, involving a purposive sample of 38 banks. The analysis reveals that both Mudharabah Savings and Mudharabah Deposits have a positive and statistically significant influence on Falah Profit, with regression coefficients indicating that an increase in these funding sources is associated with higher profitability. Conversely, buying and selling activities exhibit a positive but statistically insignificant effect on Falah Profit, suggesting a less direct impact in this context. The combined impact of these variables explains approximately 82.68% of the variation in Falah Profit, illustrating their substantial role in shaping bank performance. These findings imply that strategic enhancement of Mudharabah-based funding mechanisms can effectively boost profitability, contributing to the stability and growth of Sharia banking institutions in the region. The study thus emphasizes the importance of Islamic financial products and funding schemes in driving sustainable bank performance aligned with Sharia principles.

How to Cite:
Kurnia, R., Maharani, N. A., Helmalia., Putra, G, D. A., & Melzatia, H.H. (2025). Falah Profit of Sharia Rural Banks in West Sumatra: Impact of Funding and Financing. *Al-Bank: Journal of Islamic Banking and Finance, 5(2)*, 104-119. https://doi.org/10.31958/ab.v5i2.15261

INTRODUCTION

Sharia Banks play a crucial role in supporting economic growth through their intermediation function, which involves collecting funds from the public and channeling them back into the real sector. This role positions Sharia banks as development agents and

service agents, ensuring the smooth operation of economic activities. Along with the growth of assets and networks of Sharia Commercial Banks, there is a need to strengthen performance management so that Sharia banks can compete effectively and provide an optimal contribution to national economic development.

A critical indicator in assessing the performance of Sharia banks is net profit after tax (Earnings After Tax/EAT), which, in the context of Sharia, is reduced by zakat obligations. This concept is known as *falah* profit, which refers to net profit after accounting for all operational costs and religious obligations such as zakat (Suwailem & Hasan, 2015). Legally, Article 22, Paragraph 3 of Law Number 23 of 2011 emphasizes that zakat distributed through BAZNAS or LAZ can reduce taxable income, thus affecting the net profit of Sharia banks. Factors influencing *falah* profit include funding and financing products. Funding products include the collection of funds from the public, such as savings and deposits (Nurhatati & Rahmaniyah, 2008). In contrast, financing consists of the distribution of funds, including buying and selling activities, as one form of financing (Kasmir, 2014). Evaluating these two products is essential in analyzing the financial performance of Sharia banks, as effective fund management can lead to sustainable profitability.

Below is the financial development of Sharia Rural Banks (BPRS) in West Sumatra during the 2022-2023 period:

Table 1. Financial Reports of Sharia Rural Banks (BPRS) in West Sumatra for 2022-2023 (In thousands)

BPRS	Year	Fund Collection		Disbursement	*Falah* Profit
		Savings	Deposits	Buying and Selling	
Al-Makmur	2022	2.461.869	24.041.229	32.684.711	1.567.475
	2023	2.723.857	29.354.547	40.566.486	1.743.132
Haji Miskin	2022	12.761.962	31.845.194	48.661.019	1.140.525
	2023	12.553.529	40.585.749	50.649.540	1.409.529
Ampek Angkek Canduang	2022	189.372	19.730.444	28.568.759	715.623
	2023	183.016	18.623.950	30.276.491	774.172
Barakah Nawaitul Ikhlas	2022	3.369.622	2.463.000	4.541.154	(119.034)
	2023	3.438.181	2.035.500	4.477.040	(147.743)
Mentari Pasaman Saiyo	2022	7.976.273	2.584.000	11.465.804	21.185
	2023	6.856.409	3.063.600	11.597.201	(237.078)

Source: BPRS Financial Reports, 2024

Based on the data from Table 1, it can be seen that over the two years, there has been a fluctuation. For BPRS Barakah Nawaitul Ikhlas, during the 2022-2023 period, there was an increase in savings from 3.369.622 in 2022 to 3.438.181 in 2023. However, deposits and buying and selling activities experienced a decline. Deposits dropped from 2.463.000 in 2022 to 2.035.500 in 2023, while buying and selling decreased from 4.541.154 in 2022 to

4.477.040 in 2023. The *falah* profit showed an increase that resulted in a loss, with a value of -119.034 in 2022 and -147.743 in 2023. According to LPS data, West Sumatra ranks second nationally, with 19 out of 83 BPR/BPRS being liquidated, following West Java, which recorded 40 out of 252 BPR/BPRS (Baihaqi, 2024). This highlights the critical role of the LPS in strengthening BPR/BPRS to prevent further business closures.

Sharia banks, including Sharia Rural Banks (BPRS), play a crucial role in supporting national economic development by collecting funds from the public and channeling these funds into productive ventures based on Islamic principles. One of the ultimate goals of Sharia banking is not only to generate profit but also to achieve Falah, a concept that embodies holistic well-being in both worldly life and the hereafter. Falah Profit, as a measure of the bank's overall success, reflects the bank's ability to generate sustainable and ethically aligned profits that contribute to societal welfare.

This study highlights the lack of focused research on how specific funding and financing activities—such as Mudharabah savings, Mudharabah deposits, and buying and selling transactions—directly impact Falah profit in BPRS, especially in West Sumatra. Existing literature tends to emphasize overall Islamic banking performance or conventional profit measures, with limited attention to the unique characteristics of BPRS as smaller, regionally based Islamic financial institutions. As a result, the mechanisms through which these financial products influence Falah profit remain underexplored.

By investigating these relationships, the research seeks to fill an important gap and provide more nuanced insights into the performance of BPRS. Unlike previous studies that view profit primarily in financial terms, this study focuses on the multidimensional concept of Falah profit, which integrates economic, spiritual, and social well-being. The findings aim to guide bank management and policymakers in enhancing Sharia compliance, operational effectiveness, and community impact.

LITERATURE REVIEW

Sharia Banking and Sharia Bank Products

Sharia banking encompasses all aspects of Sharia banks and Sharia business units, including institutional, operational, as well as the procedures and techniques used to conduct business, by the Sharia Banking Law No. 21 of 2008, Article 1, Paragraph 1. A Sharia bank is a bank that operates under Sharia principles, particularly those related to *muamalah* (business transactions). Islam teaches that wealth should be earned in ways that comply with Islamic law, such as seeking halal (permissible and good) sustenance, avoiding wrongful actions, and steering clear of practices like *riba* (usury), *maisir* (gambling), and *gharar* (uncertainty or ambiguity in transactions) (Wahyudi et al., 2023).

Profit and *Falah* Profit

Profit is the income generated by a business after conducting business or making sales. Profit is a form of income that is definitely sought after, especially by Islamic banks . Profit is the main objective of establishing a company. Profit comes from the difference between all income after deducting operational costs. Profit is obtained from the cost of services performed by human resources, both in entrepreneurial activities and production

results. The resulting profit is called net profit after subtracting gross profit from various operational costs such as rent, taxes, salaries, depreciation, interest, and electricity costs (Jayathilaka, 2020). After deducting zakat and tax burdens, profit after tax (EAT) indicates that the profit generated is not only oriented toward worldly welfare but also happiness in the afterlife. Therefore, this kind of profit is referred to as *falah* profit. *Falah* profit is achieved through profits that enhance worldly life and bring happiness in the afterlife, such as by improving worship, including helping the community in social matters. *Falah* profit can be formulated as follows (Sany & Prasetiono, 2014):

$$Falah\ Profit = Net\ Profit\ After\ Tax \times (1 - 2.5\%)$$

Fund Collection

Sharia banking acts as an investment manager by collecting funds from customers based on the principles of wadi'ah yad dhamanah (deposit), *mudharabah* (profit-sharing), and *ijarah* (leasing) (Faisal et al., 2021). Fund collection products in Sharia banking include *wadi'ah* checking accounts, *mudharabah* savings, and *mudharabah* deposits (Hidayatullah & Fadillah, 2022).

Fund Distribution

The business activities of Sharia commercial banks include several points, in accordance with Law No. 21 of 2008, Article 19, Points c, d, e, f, which state: Distributing financing using contracts that align with Sharia principles, such as *mudharabah*, *musyarakah*, or other contracts. Financing can be distributed through other contracts that comply with Sharia principles, such *as murabaha, salam*, and *istisna'* contracts. Financing can also be distributed based on contracts that do not contradict Sharia principles, such as *qardh* contracts. Financing can be provided for the rental of movable or immovable goods through other contracts under Sharia principles, such as *ijarah* and *ijarah muntahiya bittamlik*.

Relationship Between Savings and *Falah* Profit

The relationship between savings and profits (al-falah) in Islamic banking is based on the principle of fair and balanced profit sharing between the bank and its customers. Funds collected from savings products, checking accounts, or mudharabah deposits are third-party funds that are then channeled by the bank as financing based on the mudharabah principle. The income generated from this financing will be shared between the bank as the manager and the customer as the capital owner in accordance with the agreed profit-sharing ratio. According to (Azizoma & Sumiati, 2023), *mudharabah* savings have a positive effect on increasing profits. This is due to the effective management of funds by the bank, where these funds are channeled as financing to customers. The larger the amount of financing channeled through mudharabah savings, the higher the potential for profit growth for the Sharia bank. Based on this analysis, this study proposes the following hypothesis:

H_1: The savings have a positive and significant effect on the *falah* profit of Sharia Rural Banks (Bank Perekonomian Rakyat Syariah).

Relationship Between Deposits and *Falah* Profit

Investment is one of the activities in Sharia economics, as every asset owned must have its zakat paid. One of the benefits of zakat is that it encourages Muslims to invest their wealth. In this case, the wealth invested is not subject to zakat; only the profits generated from the investment are (Ahmad et al., 2022). Rivai also explains that mudharabah is an investment scheme where the capital comes entirely from the investor and is entrusted to the business manager, with an agreement on profit-sharing between the two parties.

Research conducted by Annisa et al., (2022) shows that mudharabah deposits have a positive and significant effect on mudharabah financing at PT Bank Sumut Sharia Branch in Medan. The more third-party funds deposited in the form of mudharabah deposits, the greater the mudharabah financing that the Sharia bank can provide. As funds are raised, such as mudharabah deposits, the mudharabah financing distributed by the Sharia bank also increases. Based on this analysis, this study proposes the following hypothesis:

H_2: It is hypothesized that deposits have a positive and significant effect on the *falah* profit of Sharia Rural Banks (Bank Perekonomian Rakyat Syariah).

Relationship Between the Buying and Selling Principle and *Falah* Profit

The buying and selling principle (*al-bay'*), as applied in Sharia banking, involves the bank purchasing goods and then selling them to customers at a predetermined price, which includes a transparent profit margin. This method, seen in contracts like murabahah and istishna, ensures that the transfer of ownership is clear and the profit rate is agreed upon upfront (Makkulau, 2023). Research by (Suwasdi et al., 2021) supports this theory, stating that buying and selling-based financing has a positive effect on the profitability of Sharia banks. This is due to the margin/markup income generated from such financing. Managing buying and selling financing becomes one of the main components in forming the most significant assets of Sharia banks. Based on this analysis, this study proposes the following hypothesis:

H_3: It is hypothesized that buying and selling has a positive and significant effect on the *falah* profit of Sharia Rural Banks (Bank Perekonomian Rakyat Syariah).

RESEARCH METHODS

This study is quantitative research that uses secondary data, which is not obtained directly from respondents but rather from already available sources (Muhidin, 2020). The data consists of annual financial reports published through annual reports, the official website of the Financial Services Authority (Otoritas Jasa Keuangan—OJK) at www.ojk.go.id, and each respective bank's website. The population in this study consists of all Sharia Rural Banks (*Bank Pembiayaan Rakyat Syariah* - BPRS) in the West Sumatra province for the period 2015–2023. The sample in this study was selected using purposive sampling techniques based on specific criteria set by the researcher. The sample used in this study was the annual financial reports of Sharia Rural Banks (BPRS) in West Sumatra for the period 2015-2023. The sampling technique used was purposive sampling, which is the deliberate selection of samples according to the criteria required in the study or a sampling technique with specific considerations.

The sample criteria are as follows:

a. BPRS that published complete financial reports for the period 2015-2023.
b. The data required for this study was available for the entire period 2015-2023.

Table 2.
List of Sample Selection for BPRS in West Sumatra 2024

No.	Name of BPRS	Criterion 1	Criterion 2	Sample
1	BPRS Al - Makmur	√	√	√
2	BPRS Haji Miskin	√	√	√
3	BPRS Ampek Angkek Canduang	√	√	√
4	BPRS Carana Kiat Andalas	√	√	×
5	BPRS Gajahtongga Koto Piliang	√	√	×
6	BPRS Barakah Nawaitul Ikhlas	√	√	√
7	BPRS Mentari Pasaman Saiyo	√	√	√
8	BPRS LPN Taeh Baruh	×	×	×
9	BPRS Guguk Mas Makmur	×	×	×
10	BPRS Masyarakat Lintau Buo Malibu	×	×	×
11	BPRS Balerong Bunta	×	×	×
12	BPRS Jam Gadang Perseroda	×	×	×
13	BPRS Sungai Pua	×	×	×

Source: Data Processed, 2024

Out of the 13 available BPRS, five BPRS were chosen as the sample: BPRS Al-Makmur, BPRS Haji Miskin, BPRS Mentari Pasaman Saiyo, BPRS Ampek Angkek Canduang, and BPRS Barakah Nawaitul Ikhlas. The data used is panel data, which combines time-series data (for the period 2015–2023) and cross-sectional data (from the five selected BPRS). The variables in this study include the dependent variable, *Falah* Profit, and the independent variables, which include *Mudharabah* Savings, *Mudharabah* Deposits, and Buying and Selling. The analysis techniques used are descriptive quantitative analysis and panel data regression analysis with the aid of the EViews 12 software. The panel regression model used involves testing the Chow, Hausman, and Lagrange Multiplier (LM) tests to determine the best model among the common, fixed, and random effect models (Sugiyono, 2016). Additionally, classical assumption tests such as the normality test, the heteroscedasticity test, the multicollinearity test, and the autocorrelation test are conducted. To test the hypotheses, F-test (simultaneous) and T-test (partial) are used, along with the coefficient of determination test to assess the strength of the relationships between the variables.

RESULT AND DISCUSSION

Result

Descriptive Statistics

Based on the statistical tests conducted by the researcher, descriptive data were obtained as shown in the following table:

Table 3.
Results of Descriptive Statistics Test

	X1	X2	X3	Y
Mean	14.70062	15.94884	16.63914	-6.699514
Median	15.09865	16.70846	17.16544	13.36423
Maximum	16.44335	17.51893	17.74133	14.37119
Minimum	11.85751	14.17942	14.98884	-237.0780
Std. Dev.	1.510451	1.173675	0.860041	57.60010
Skewness	-0.818544	-0.285318	-0.577298	-2.853314
Kurtosis	2.330236	1.300538	1.756619	9.964256
Jarque-Bera	5.866202	6.025866	5.398287	151.9996
Probability	0.053232	0.049147	0.067263	0.000000
Sum	661.5279	717.6978	748.7611	-301.4781
Sum Sq. Dev.	100.3844	60.61062	32.54551	145981.9
Observations	45	45	45	45

Source: Data processed, 2024

***Falah* Profit (Y)**

Based on Table 2, the *falah* profit variable in the descriptive statistics table from 45 observations shows that the *falah* profit of Sharia Rural Banks (BPRS) for the period 2015-2023 had a minimum value of -237.0780, which occurred at BPRS Mentari Pasaman Saiyo in 2023. The maximum falah profit value was 14.37119, recorded at BPRS Al-Makmur in 2023. The average *falah* profit for the Sharia Rural Banks during this period was -6.699514, with a standard deviation of 57.60010.

***Mudharabah* Savings (X1)**

Based on Table 2, the *Mudharabah* savings variable (X1) shows that the minimum value for Sharia Rural Banks (BPRS) is 11.85751, which is found at BPRS Ampek Angkek Canduang in 2020. The maximum value for *Mudharabah* savings is 16.44335, recorded at BPRS Haji Miskin in 2020. The average value of *Mudharabah* savings in Sharia Rural Banks is 14.70062, with a standard deviation of 1.510451.

***Mudharabah* Deposits (X2)**

Based on Table 2, the *Mudharabah* deposit variable (X2) shows that the minimum value for Sharia Rural Banks is 14.17942, recorded at BPRS Mentari Pasaman Saiyo in 2017. The maximum value for *Mudharabah* deposits is 17.51893, found at BPRS Haji Miskin in 2023. The average value of *Mudharabah* deposits in Sharia Rural Banks is 15.94884, with a standard deviation of 1.173675.

Buying and Selling (X3)

Based on Table 2, the Buying and Selling variable (X3) shows that the minimum value for Sharia Rural Banks is 14.98884, which occurred at BPRS Barakah Nawaitul Ikhlas in 2020. The maximum value for Buying and Selling is 17.74133, recorded at BPRS Haji Miskin in 2023. The average value of buying and selling in Sharia Rural Banks is 16.63914, with a standard deviation of 0.860041.

Panel Data Regression Analysis

After performing various stages of data processing, including descriptive analysis, classical assumption tests, and model selection tests for panel data, the next step is to conduct the panel data regression equation test, which is done to test the research hypotheses, as follows:

Table 4. Panel Data Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.203242	1.736044	-0.693094	0.4930
X1	0.110637	0.035334	3.131206	0.0036
X2	0.377449	0.163646	2.306494	0.0273
X3	0.399224	0.239637	1.665954	0.1049

Source: Data processed, 2024

Based on the results of the panel data regression analysis in Table 3.13 above, the regression model in this study has the following panel data regression equation:

Y = -1.203242 + 0.110637*X1 + 0.377449*X2 + 0.399224*X3 + eit

Here is the interpretation of the coefficient results above:

a. The constant value of -1.203242 indicates that if all independent variables—*Mudharabah* Savings (X1), *Mudharabah* Deposits (X2), and Buying and Selling (X3)—are assumed to be zero, then the *falah* profit (Y) will decrease by -1.203242 rupiah.
b. The regression coefficient for the *Mudharabah* Savings variable (X1) is positive at 0.110637, meaning that if the *Mudharabah* Savings (X1) increases by 1 rupiah, the *falah* profit (Y) will increase by 0.110637 rupiah.
c. The regression coefficient for the *Mudharabah* Deposits variable (X2) is positive at 0.377449, meaning that if the *Mudharabah* Deposits (X2) increases by 1 rupiah, the *falah* profit (Y) will increase by 0.377449 rupiah.
d. The regression coefficient for the Buying and Selling variable (X3) is positive at 0.399224, meaning that if the Buying and Selling (X3) increases by 1 rupiah, the *falah* profit (Y) will increase by 0.399224 rupiah.

Hypothesis

The T-test (Partial) is used to determine whether the independent variable in the regression model has a significant effect on the dependent variable, partially. If the calculated t-value is smaller than the t-table value or the probability value is greater than alpha (0.05), then the first hypothesis (H_1) is accepted.

Mudharabah Savings

Table 5. Results of Partial Test (T-Test)

Variable	Coefficient	t-Table	t-Statistic	Prob.	Conclusion
X1	0.110637	2.03452	3.131206	0.0036	H_1 accepted

Source: Data processed, 2024

Based on Table 4 above, the T-test result for the *Mudharabah* Savings variable (X1) shows a positive coefficient of 0.110637, and a calculated t-value of 3.131206, where the calculated t-value is greater than the t-table value: 3.131206 > 2.03452. The probability value is 0.0036, which is smaller than α = 0.05: 0.0036 < 0.05. Therefore, it can be concluded that Mudharabah Savings have a positive and significant effect on *Falah* Profit, meaning H_1 is accepted.

Mudharabah Deposits

Table 6. Results of Partial Test (T-Test)

Variable	Coefficient	t-Table	t-Statistic	Prob.	Conclusion
X2	0.377449	2.03452	2.306494	0.0273	H_2 accepted

Source: Data processed, 2024

Based on Table 5 above, the T-test result for the *Mudharabah* Deposit variable (X2) shows a positive coefficient of 0.377449, and a calculated t-value of 2.306494, where the calculated t-value is greater than the t-table value: 2.306494 > 2.03452. The probability value is 0.0273, which is smaller than α = 0.05: 0.0273 < 0.05. Therefore, it can be concluded that Mudharabah Deposits have a positive and significant effect on *Falah* Profit, meaning H_2 is accepted.

Jual Beli

Table 7. Results of Partial Test (T-Test)

Variable	Coefficient	t-Table	t-Statistic	Prob.	Conclusion
X3	0.399224	2.03452	1.665954	0.1049	H_3 rejected

Source: Data processed, 2024

Based on Table 6 above, the T-test result for the Buying and Selling variable (X3) shows a positive coefficient of 0.399224, and a calculated t-value of 1.665954, where the computed t-value is smaller than the t-table value: 1.665954 < 2.03452. The probability value is 0.1049, which is greater than α = 0.05: 0.1049 > 0.05. Therefore, it can be concluded that buying and Selling have a positive but insignificant effect on *Falah* Profit, meaning H_3 is rejected.

F-Test

The F-test (Simultaneous) determines whether the independent variables collectively have a significant effect on the dependent variable. If the calculated f-value is greater than the f-table value (f calculated > f table) or if the probability value is smaller than 0.05, this indicates that there is an effect between all the independent variables and the dependent variable.

Table 8. Results of F-Test

R-squared	0.840874
Adjusted R-squared	0.826834
S.E. of regression	0.308684
Sum squared resid	3.239721
Log likehood	-7.139785
F-statistic	59.88926
Prob(F-statistic)	0.000000

Source: Data processed, 2024

Based on the F-test (Simultaneous) results, the calculated f-value is greater than the f-table value: 59.88926 > 2.88, with a probability level of 0.000000 and α = 0.05. Therefore, it can be concluded that all independent variables (*mudharabah* savings*, mudharabah* deposits, and buying and selling) have a positive and significant effect simultaneously on *falah* Profit, meaning H_4 is accepted.

Coefficient of Determination Test (R^2)

The coefficient of determination is a test used to compare the dependent variable and independent variables in a data set, calculated based on a statistical model. The value of the coefficient of determination ranges from zero to one, which can be seen from the R-squared or Adjusted R-squared values. A small R^2 value indicates that the independent variables have limited ability to explain the variation in the dependent variable. Conversely, a value approaching one means that the independent variables provide almost all the information needed to predict the variation in the dependent variable. The results of the R^2 test are as follows:

Table 9
Results of the Coefficient of Determination (R^2) Test

R-squared	0.840874
Adjusted R-squared	0.826834
S.E. of regression	0.308684
Sum squared resid	3.239721
Log likehood	-7.139785
F-statistic	59.88926
Prob(F-statistic)	0.000000

Source: Data processed, 2024

Based on Table 8, the coefficient of determination (R^2) test results show that the Adjusted R-squared value is 0.826834 or 82.6834%. This coefficient of determination indicates that the independent variables, consisting of *Mudharabah* Savings, *Mudharabah* Deposits, and Buying and Selling, can explain 82.6834% of the variation in the dependent variable, which is *falah* Profit. The remaining 17.3166% is explained by other variables not studied in this research.

Discussion

***Mudharabah* Savings have a Positive and Significant Effect on *Falah* Profit**

Based on Table 2, the Mudharabah Savings variable (X1) shows a minimum value of 11.85751, which occurred at BPRS Ampek Angkek Canduang in 2020, and a maximum value of 16.44335, recorded at BPRS Haji Miskin in 2020. The average value of Mudharabah Savings in Sharia Rural Banks is 14.70062, with a standard deviation of 1.510451. These variations reflect differences in fundraising capabilities and customer engagement strategies across BPRS institutions. The regression results show that Mudharabah Savings has a positive coefficient of 0.110637 with a probability value of 0.0036, which is smaller than the 0.05 significance level. This indicates that Mudharabah Savings has a positive and

statistically significant effect on falah profit, and thus H1 is accepted. Economically, this means that every 1-unit increase in Mudharabah Savings leads to an estimated increase of 0.1106 units in falah profit, assuming other variables remain constant.

This suggests that *Mudharabah* savings influence profit. According to the theory presented by Adiwarman A. Karim, (2011), which emphasizes that third-party funds—collected through savings, current accounts, or Mudharabah deposits—serve as the primary source of Islamic bank financing. These funds are subsequently distributed through various sharia-compliant financing mechanisms, generating returns that are shared between the bank and the capital provider according to Mudharabah principles. Therefore, an increase in savings directly enhances the bank's ability to finance productive sectors, which ultimately contributes to profit generation.

This is consistent with the research conducted by Tias et al., (2022) which confirmed that savings have a significant influence on bank profit. The data in this study corroborates that pattern. For instance, at BPRS Al-Makmur, Mudharabah Savings increased from 2,461,869 in 2022 to 2,723,857 in 2023, and this was accompanied by an increase in falah profit from 1,567,475 to 1,743,132 over the same period. This real-world example reflects how increased savings accumulation translates into greater profitability through enhanced financing activity.

The implication for BPRS management is that increasing the volume of Mudharabah Savings should be a strategic focus. By designing competitive and trusted savings products, improving accessibility, and strengthening promotional efforts—especially in digital channels—BPRS can mobilize more funds, which will ultimately support profit maximization in line with Islamic financial principles.

Mudharabah Deposits have a Positive and Significant Effect on Falah Profit

According to the descriptive statistics in Table 2, the Mudharabah Deposits variable (X2) has a minimum value of 14.17942 (recorded at BPRS Mentari Pasaman Saiyo in 2017) and a maximum value of 17.51893 (recorded at BPRS Haji Miskin in 2023). The average value is 15.94884, with a standard deviation of 1.173675, indicating moderate dispersion across observations. The regression results indicate that Mudharabah Deposits have a positive regression coefficient of 0.377449 with a probability value of 0.0273, which is smaller than the 0.05 significance level. This means that Mudharabah Deposits have a positive and statistically significant effect on falah profit, and therefore, H2 is accepted. Economically, this implies that for every one-unit increase in Mudharabah Deposits, falah profit increases by approximately 0.3774 units, holding other variables constant.

This demonstrates that the more third-party funds are stored in Mudharabah deposit accounts, the greater the potential for generating profit. Deposits typically involve larger volumes and longer tenors compared to savings, enabling BPRS to allocate more stable and predictable funds into profit-generating financing activities. This finding aligns with the theory put forth by (Adiwarman A.Karim, 2011), who stated that third-party funds—whether sourced from savings, current accounts, or Mudharabah deposits—serve as the foundation for Islamic financial intermediation. These funds are then channeled into various sharia-compliant financing instruments, and the returns from these activities

contribute to the bank's profit, which is subsequently shared based on agreed-upon Mudharabah contracts.

Empirical evidence from Akbar et al., (2022), further supports this finding, as their study also showed that Mudharabah deposits have a positive and significant effect on profitability. This means that as deposit volume increases, the total profit also tends to rise, particularly when funds are efficiently deployed in productive, low-risk financing schemes. This pattern is clearly visible in the case of BPRS Ampek Angkek Canduang. In 2016, Mudharabah Deposits amounted to 21,622,895 with a falah profit of 523,260, and in 2017, deposits increased slightly to 21,633,003, while falah profit rose to 641,113. Although the increase in deposits was marginal, the accompanying increase in profit indicates that even relatively stable deposit levels can support stronger profitability when managed effectively.

From a managerial perspective, these findings emphasize the strategic importance of mobilizing Mudharabah deposits. BPRS institutions should focus on building attractive deposit instruments with competitive returns, flexible maturities, and transparent profit-sharing mechanisms. Additionally, targeted marketing and digital onboarding strategies can help attract both individual and institutional depositors who seek sharia-compliant investment options. In summary, Mudharabah Deposits are a significant driver of falah profit in BPRS. Strengthening deposit mobilization strategies will not only improve financial performance but also enhance the bank's resilience and capacity for sustainable financing.

Buying and Selling have a Positive but Insignificant Effect on Falah Profit

Based on Table 2, the Buying and Selling variable (X3) has a minimum value of 14.98884 (recorded at BPRS Barakah Nawaitul Ikhlas in 2020) and a maximum value of 17.74133 (recorded at BPRS Haji Miskin in 2023), with an average value of 16.63914 and a standard deviation of 0.860041. This suggests relatively consistent levels of buying and selling transactions across the BPRS in the sample. The regression results show that Buying and Selling has a positive coefficient of 0.399224, but with a probability value of 0.1049, which exceeds the 0.05 significance threshold. This indicates that Buying and Selling has a positive but statistically insignificant effect on falah profit, leading to the rejection of H3. Although the coefficient is relatively high, the lack of significance suggests that variations in Buying and Selling do not consistently explain changes in falah profit across the observed period and banks.

This result does not fully align with the theoretical perspective of Yaya et al., (2009), who argue that financing based on the buying and selling principle, such as murabahah or istishna, is designed to generate clearly predetermined profits for Islamic banks. These contracts involve a transfer of ownership, where the profit margin is embedded into the selling price agreed upon with the customer. Consequently, this type of financing should, in theory, contribute directly to the bank's income through murabahah margins or istishna profit, thereby supporting profitability. This is consistent with research conducted by Dewantara & Bawono (2020), who observed that murabahah-based financing does not significantly affect profitability (ROA) in Islamic banks. Their findings suggest that although such contracts are common and theoretically profitable, their real-world implementation

may not be as effective, possibly due to high operational costs, delayed payments, or limited turnover of financing.

This is further supported by evidence from the case of BPRS Al-Makmur, where buying and selling transactions increased from 30,595,123 in 2019 to 33,455,246 in 2020, yet falah profit decreased from 950,623 to 865,169 during the same period. This inverse movement suggests that despite growth in the financing volume, inefficiencies or external factors—such as non-performing financing or administrative burdens—may have offset the potential profit gains. From a managerial perspective, this finding highlights the need for BPRS to evaluate the quality and efficiency of their buying and selling transactions. While murabahah and other sale-based contracts are fundamental to Islamic banking, simply increasing their volume may not yield proportional increases in profit. Instead, BPRS should focus on improving risk management, contract monitoring, and client selection, to ensure that these transactions become more productive and contribute meaningfully to falah profit.

In conclusion, although buying and selling remains a key financing mechanism in Sharia banking, its current implementation within the sampled BPRS appears to be underperforming. Further operational improvements are necessary before this financing mode can become a reliable driver of profitability.

Savings, Deposits, and Buying and Selling Simultaneously Have a Positive and Significant Effect on Falah Profit

The results of the F-test (simultaneous test) indicate that the probability value of the F-statistic is 0.000000, which is significantly lower than the significance level of 0.05. This confirms that the independent variables—Mudharabah Savings, Mudharabah Deposits, and Buying and Selling—jointly have a statistically significant effect on falah profit. Therefore, the fourth hypothesis (H4), which posits that the independent variables have a significant simultaneous effect on falah profit, is accepted.

This finding implies that when these financial instruments are managed together, they form a composite influence on the bank's profitability. In practice, this suggests that a coordinated approach to optimizing savings collection, deposit mobilization, and financing activities can meaningfully impact the falah profit of BPRS. Isolating efforts on one product line without considering the interdependence with others may limit the overall profit potential. The coefficient of determination (R^2) further supports this interpretation. The Adjusted R-squared value of 0.826834, or 82.6834%, indicates that the independent variables included in the model can collectively explain approximately 82.68% of the variation in falah profit. This reflects a strong model fit and confirms that the selected variables are highly relevant to the performance of BPRS.

The remaining 17.3166% of the variation in falah profit is attributed to other factors not captured in this study—such as operational efficiency, non-performing financing (NPF), macroeconomic conditions, regulatory compliance costs, or managerial performance. This suggests that while fundraising and financing instruments are fundamental drivers, other internal and external variables also play an important role in shaping profitability and should be explored in future research. Overall, the combination of a significant F-statistic

and a high Adjusted R^2 value demonstrates that Mudharabah Savings, Mudharabah Deposits, and Buying and Selling are critical components in understanding and improving the profitability of Sharia Rural Banks. For BPRS management, this means that an integrated strategy focusing on both fundraising and productive financing allocation can lead to a more sustainable and profit-oriented operation.

CONCLUSION

The study results show that the savings variable has a positive and significant effect on the *falah* profit. This is evidenced by the regression coefficient of 0.110637 with a significance level (probability) of 0.0036, which is less than 0.05. Therefore, the first hypothesis (H_1) is accepted. Next, the deposit variable also has a positive and significant effect on *falah* profit, as demonstrated by the regression coefficient of 0.377449 and the probability value of 0.0273 (less than 0.05), meaning the second hypothesis (H_2) is also accepted.

In contrast to the previous two variables, the buying and selling variable shows a negative and insignificant effect on *falah* profit. Although the coefficient value is positive at 0.399224, the probability value is 0.1049, greater than 0.05. Therefore, the third hypothesis (H_3) is rejected because it does not meet the significance requirement. However, simultaneously, all three variables—savings, deposits, and buying and selling—have a positive and significant effect on *falah* profit. This is supported by the F-test, which yields a probability value of the F-statistic of 0.000000. This value is much smaller than 0.05, so the fourth hypothesis (H_4) is accepted.

REFERENCES

Adiwarman A.Karim. (2011). *Bank Islam Analisis Fiqih dan Keuangan* (4th, cetakan ed.). PT Raja Grafindo Persada.

Ahmad, N. A., Zahid, E. S. M., Razali, M., Zin, M. Z. M., & Rahim, H. A. (2022). Zakat on Shares in Developing Hifz Mal. *Research in Business and Social Sciences*. http://dx.doi.org/10.6007/IJARBSS/v12-i9/15136

Akbar, Marlinah, L., & Nurhaedah. (2022). Pengaruh Deposito Mudharabah Perusahaan Terhadap Laba Bersih Perusahaan Perbankan Syariah Yang Terdaftar di Bursa Efek Indonesia. *Economy Deposit Journal (E-DJ)*, *4*(1).

Annisa, R., Kholil, A., & Seri, E. (2022). Pengaruh Tabungan Mudharabah Dan Deposito Mudharabah Terhadap Pembiayaan Mudharabah. *Jurnal Bilal: Bisnis Ekonomi Halal*, *2*(1).

Azizoma, R., & Sumiati. (2023). Pengaruh Pembiayaan Murabahah, Tabungan Wadi'ah Dan Deposito Mudharabah Terhadap Profitabilitas (ROA) Pada Bank NTB Syariah Kantor Pusat Kota Mataram:. *Jurnal Perbankan Syariah*, *2*(1).

Baihaqi, H. (2024). *Total 41 Bank Bangkrut di Jawa Barat Selama Periode 2005-2024*. Finansial.Bisnis. https://finansial.bisnis.com/read/20240614/90/1773799/total-41-bank-bangkrut-di-jawa-barat-selama-periode-2005-2024

Dewantara, A., & Bawono, A. (2020). Influence Analisys of Mudharabah, Musharakah, and Murabahah Financing To Profitability of Sharia Commercial Bank in Indonesia 2016-

2019 With Non Financing As Intervening Variable. *ISLAMICONOMIC: Jurnal Ekonomi Islam*, *11*(2). https://doi.org/10.32678/ijei.v11i2.197

Faisal, Y., Ratnawati, N., & Sari, E. G. (2021). Profit Islamic Bank from Mudharabah and Musharakah Finance with Islamic Social Responsibility Disclosure. *International Journal of Finance & Banking Studies*, *10*(3). https://doi.org/10.20525/ijfbs.v10i3.1329

Hidayatullah, M. S., & Fadillah, R. (2022). Economic and Legal Dimensions of Collateral Existence in Modern Mudhârabah Contracts: Understanding the Relationship between Risk Management, National Law, and Contemporary Fiqh. *Al-Manahij: Jurnal Kajian Hukum Islam*, *16*(2). https://doi.org/10.24090/mnh.v16i2.6860

Jayathilaka, A. K. K. R. (2020). Operating Profit and Net Profit: Measurements of Profitability. *OALib*, *7*(12). https://doi.org/10.4236/oalib.1107011

Kasmir. (2014). *Dasar-Dasar Perbankan*. Rajagrafindo Persada.

Kurnia, R., Baroroh, H., Hayati, R. F., Melzatia, H. H., & Fenitra, R. M. (2024). Financial Stability of Indonesia's Islamic Banks: Analysis Profitability. *Ekonomika Syariah: Journ*al of Economic Studies, 8(1). https://doi.org/10.30983/es.v8i1.8082

Kurnia, R., Sedera, R. M. H., Melzatia, H. H., & Fenitra, R. M. (2024). Evaluation of Performance of Islamic Banks in Indonesia: Comparative Analysis using Financial Ratios. *Jurnal Tamwil: Jurnal Ekonomi Islam*, *10*(1).

Kurnia, R., & Fenitra, R. M. (2024). Permodalan, Efesiensi, Non Performing Financing, Financing To Deposit Ratio dan Profitabilitas: Bank Umum Syariah di Indonesia. *Al-Masraf: Jurnal Lembaga Keuangan Dan Perbankan*, *9*(1), 81-100.

R. Kurnia, L. Nugroho, and A. J. Ali, "Signaling theory vis a vis bankruptcy prediction model in islamic bank industry in Indonesia," AiBi Revista de Investigación, Administración e Ingeniería, vol. 12, no. 1, pp. 194-202, 2024. https://doi.org/10.15649/2346030X.3788

Makkulau, R. (2023). Sharia Compliance On Murabahah Financing In Islamic Banks. *Banco: Jurnal Manajemen Dan Perbankan Syariah*, *5*. https://doi.org/10.35905/banco.v5i1.5157

Muhidin, A. (2020). *Skripsi Sarjana Pendidikan: Pendekatan Kuantitatif dan Kualitatif*. Mardika Press.

Nurhatati, F., & Rahmaniyah, I. S. (2008). *Koperasi Syariah*. PT. Era Intermedia.

Sany, I., & Prasetiono. (2014). Analisis Pengaruh Penghimpunan Dana Dan Pembiayaan Terhadap Falah Laba (Studi pada Bank Umum Syariah di Indonesia periode 2009-2013). *Diponegoro Journal of Management*, *3*(4). https://ejournal3.undip.ac.id/index.php/djom/article/view/12927

Sugiyono, S. (2016). *Metode Penelitian Pendidikan (Pendekatan Kuantitatif, Kualitatif, dan R & D)*. Alfabeta.

Suwailem, S. Al, & Hasan, M. K. (2015). Financial Engineering: An Islamic Perspective. In *Islamic Capital Markets: Products and Strategies* (pp. 385–400). https://doi.org/10.1002/9781119206040.ch18

Suwasdi, W. W., Hidayah, N., & Nasution, S. S. (2021). Do Financing Schemes Affect the

Functions of Islamic Banks in Indonesia? *Tazkia Islamic Finance and Business Review*, *15*(2). https://doi.org/10.30993/tifbr.v15i2.285

Tias, K. A. R., Wikanso, W., & Yulaikha, R. (2022). Pengaruh Tabungan Mudharabah Dan Deposito Mudharabah Terhadap Laba Pada Bank BCA Syariah Indonesia Periode 2011-2020. *EQUILIBRIUM : Jurnal Ilmiah Ekonomi Dan Pembelajarannya*, *10*(2). https://doi.org/10.25273/equilibrium.v10i2.12745

Wahyudi, A., Asiyah, B. N., & Haq, H. (2023). The urgency of sharia division in Indonesian and Malaysian Islamic bank. *Al-Uqud : Journal of Islamic Economics*, *7*(1). https://doi.org/10.26740/aluqud.v7n1.p82-94

Yaya, R., Martawireja, A. E., & Abdurahim, A. (2009). *Akuntansi Perbankan Syariah: Teori dan Praktik Kontemporer*. Salemba Empat.

Yoshanti, G., & Kurnia, R. (2024). The Study of Dupont Model and Financial Performance of Sharia Banks. *TAMWIL: Jurnal Ekonomi Islam*, *10*(2), 118-127.