

# Analysis of Factors Affecting the Demand of Cheap Financing Motor Vehicles of PT Bank BNI Syariah Branch Makassar

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**Abstract:-**This research aims to analyzing administrative costs, disbursement speed, profit margin, and financing risk factors affecting the demand for murabahah motor vehicle financing at PT. Bank BNI Syariah Makassar Branch, and analyzing the factors that have the dominant influence on the demand for murabahah motor vehicle financing at PT. Bank BNI Syariah Makassar Branch. This research is explanatory (explanatory research), which attempts to explain the causality relationship between administrative costs, disbursement speed, profit margins, and risk of financing and demand for murabahah financing of motor vehicles at PT. Bank BNI Syariah Makassar Branch. The results showed that variable administrative costs and the speed of disbursement have a negative and significant effect on the demand for murabahah financing for motorized vehicles at Bank BNI Syariah Makassar Branch. The profit margin variable and financing risk do not have a significant effect on the demand for motor vehicle financing at the Makassar branch of BNI Syariah Bank. The dominant variable affecting the demand for murabahah motor vehicle financing at the Makassar branch of BNI Syariah is the speed of disbursement.

**Keywords:-**Murabahah, BNI Syariah Bank, Motor Vehicle Financing

## I. INTRODUCTION

One of the institutions that plays an important role in the economic development of a country is financial institutions, both bank financial institutions and non-bank financial institutions. Sharia banking is currently in the development phase with a steady increase to increase its share, one of which is an increase in financing. The urge to increase this share then, Islamic banks need a more mature analysis both in the context of competition with conventional banks and in the context of responding to market conditions.

This is in line with what was stated by Siamat that in the economy of a country, one of the financial institutions that has strategic value is bank financial institutions, because this institution creates money for smooth trading (transmission) and acts as an intermediary between the saver (ultimate lenders) and the borrower (ultimate borrower). (Siamat. 2004).

Early establishment of Islamic banks, many banking observers doubt the existence of Islamic banks in the future. In the middle of a conventional bank, which has based on an interest system, which is on the rise and become a pillar of the Indonesian economy, Islamic banks try to provide answers to many doubts that arise. The answer began to find its point in 1997, where Indonesia is experiencing an economic crisis which is quite concerning, which began with a monetary crisis which had a very significant impact on the downturn in Indonesia's economic growth. The worst condition has shown by the banking sector, which is a contributor to the monetary crisis in Indonesia. Many conventional banks are unable to pay interest rates, this result in bad credit.

Development of Islamic banking in Indonesia, including the Makassar Branch of the BNI Syariah Bank in terms of financing. It appears that the murabahah contract is more dominant than the other financing contracts, such as mudarabah contract and musyarakah contract, whereas these two contracts should have to be dominant because they are the basic characteristics of a sharia banking contract, at the same time as a differentiator from conventional banking.

Islamic banks in general have used murabahah as the main financing instrument. At the applicable level in Indonesia Islamic bank, Murabahah financing portfolio reaches 70-80% of the total financing. This condition does not only occur in Indonesia, however, colored the financing in Islamic Bank in several countries such as Malaysia, Pakistan, and others.

## II. LITERATUREREVIEW

### A. Islamic economic system

Funding in the Islamic economic system is generally divided into two major groups, namely tabarru financing and tijarah financing (Sunarto, 2004).

Tabarru financing is a type of financing that has characteristics: (a) Non Profit Transaction, (b) The purpose of the transaction is to help and not commercial profit, (c) Those who do good can ask the counter part to cover just the cost of making tabarru financing, and (d) Cannot be converted into tijarah financing, unless there is prior approval. Judging from the nature of the benefits obtained by tijarah financing is divided into two, namely: Natural Certainty Contract (NCC) dan Natural Uncertainty Contract (NUC) (Wiyono, 2005)

Natural Certainty Contract (NCC), is a type of transaction contract in business that has certainty about profits and income both in terms of the amount and time of delivery. What is meant by having certainty is that each party involved in the contract can predict the payment and the timing of the payment. Thus the nature of the transaction is certain and the amount can be determined.

The principle of buying and selling to own sample goods: Murabahah, salam and istishma which is an exchange theory of the principle of rent to get wages or services such as Ijarah, IMBT (Ijarah M vomia Bit Tamlik) including the theory of exchange.

Meanwhile, Natural Uncertainty Contract (NUC), which is a contract for transactions that naturally contain uncertainty, is part of *tijarah* financing, which is the financing of transactions in the Islamic economy that aims to seek profit. Examples: *mudarabah*, *musyarakah* including the theory of mixing.

### B. Murabahah

Murabahah comes from the word *ribhu* (profit), which is a sale and purchase transaction in which the bank mentions the amount of profit. Banks act as sellers, while customers are buyers. The selling price is the bank's purchase price from the supplier plus the profit. Both parties must agree on a sale price and payment terms. The selling price is stated in the financing and if it has been agreed upon, it does not change during the period of the financing. In banking, *murabahah* which is commonly done by means of installments is called *bi tsaman ajil*. In this transaction the goods are delivered immediately after financing while the payment is made in a robust manner. (Rodoni, Ahmad dan Hamid, 2008),

Conceptually, Islamic banks can run a supermarket or trade business with the principle of *murabahah*. *Murabahah* can be divided into two types, namely (Wicaksono, 2004):

1. *Murabahah* without orders, meaning whether someone ordered or not, someone bought it or not, Islamic banks provide the merchandise. The provision of goods in this *murabahah* is not influenced or directly related to the presence or absence of orders or buyers.
2. *Murabahah* based on order, meaning that a new Islamic bank will carry out *murabahah* or sale and purchase transactions if a customer orders goods so that the provision of new goods is carried out if there is an order. In this *murabahah*, the procurement of goods is highly dependent or directly related to the order or purchase of the goods.

### C. Murabahah Financing

Based on the source of funds used, *murabahah* financing can be broadly divided into three groups, namely: (Karim, Adiwarmam. *Bank Islam: Analisis Fikih dan Keuangan*. (Jakarta: Rajawali Press, 2004), h. 117.

1. *Murabahah* financing that is funded by URIA (Unrestricted Investment Account = Independent investment).
2. *Murabahah* financing that is funded by RIA (Restricted Investment Account = Bonded investment)
3. *Murabahah* financing funded by bank capital.

According to Syaf'ii Antonio, *Murabahah* characteristics in general are (Antonio, 2008):

1. Islamic Bank must notify the customer about the cost or capital issued (capital outlay) on the said goods.
2. The first financing must be valid
3. The financing must be interest free.
4. Islamic banks must disclose clearly and in detail the circular promises / representations that occur after the purchase.
5. Islamic banks must disclose the conditions required of the purchase price to customers, for example, purchases based on installments.

The factors that can affect the demand for *murabahah* financing include (Bank Muamalat Indonesia):

1. Financing Costs, namely costs that must be incurred by the customer for a *murabahah* financing agreement with the bank. This fee includes administrative costs, insurance costs, notary fees.
2. *Murabahah* Financing Disbursement Speed, namely the time period required from the application request to the disbursement of *murabahah* financing funds to the customer's account. Easy and fast disbursement of financing will increase customer satisfaction with Islamic banking services.
3. Profit Margin, which is a certain percentage determined per year and usually determined in the ALCO meeting of Islamic banks.

Determination of the profit margin in Islamic banks is the difference between the purchase and sale of an item taken based on the amount of financing that has been issued by the bank. Islamic banks in calculating the profit margin are flat, which will not change the price, either in stable or unstable economic conditions, and is valid from the time the financing is signed between the customer and the bank until the maturity date of the financing.

1. *Murabahah* Financing Risk. In conducting a financing tie-up, of course, both Islamic banks and customers have to bear risks that may occur in the future, such as the risk of the customer being unable to pay installments, or the risk of smallpox or damaged goods and others.
2. Conventional Bank Interest Rates. Customers will certainly see how competitive the margins offered by Islamic banks are when compared with the interest rates at conventional banks. The higher the margin offered by the Islamic bank, the more it will attract the attention of customers.

### III. RESEARCH METHODS

The research was conducted to find out the ins and outs of something that became the object of research. Research that only wants a description of the state of the research object will be carried out in a different way from research conducted to determine the effect of a variable on other variables. Likewise, research is intended to determine the effectiveness of implementing a policy.

In this study, researchers used quantitative research types. For this reason, this study measures the variables that exist by realizing them in the form of values or numbers. These numbers are then analyzed the relationship between one variable and another. Qualitative data from respondents will be expressed in numerical form so that the relationship or influence of independent variables on the dependent variable can be processed statistically. The reasons for using quantitative research are:

1. Strengthening the objectivity of research data processing and analysis. In quantitative research, the researcher's subjectivity can be reduced or minimized because it prioritizes data processing with statistical methods
2. Facilitate data processing. The object of this research is quite a lot, as well as the sample that must be used. With the large number of samples, it will be relatively difficult to analyze the qualitative data obtained. Statistical data processing will facilitate the process.

Data collection is carried out by documenting / collecting data and information from the object of research and related parties and serving as informants. The data obtained from the object of research (informants) are primary data. Meanwhile, the data obtained from bank documents is secondary data. To obtain this data, the data collection techniques used are as follows:

1. Questionnaire / questionnaire. This method is done by giving structured questions addressed to respondents who were selected as the sample. The questionnaire is made in the form of closed and open questions. The questionnaire was compiled by paying attention to the research variables and their indicators. Each indicator raises questions in order to obtain data that can be processed. The answers in the questionnaire were arranged using a Likert scale, which is very inappropriate (1), unsuitable (2), somewhat appropriate (3), appropriate (4), and very suitable (5). The respondent's answer is simply to choose the five available options (numbers). In addition, the questionnaire is equipped with open-ended questions so that respondents can provide answers more freely. In order to fill in, the respondent simply chooses between the available answer options.
2. In-depth interviews (depth interviews). This technique is used to find out various things that are needed in the research, including the background of the research object, their reasons for using murabahah financing facilities, family life, work, income, education, and their obsessions. This interview is intended to obtain supporting data from the questionnaire data obtained. From the interview, we also obtained other data that could not be obtained through

a questionnaire. Interviews allow respondents to provide answers outside of the options available in the questionnaire. Thus, the freedom of respondents in providing research data is not constrained by closed questions arranged in the questionnaire. From this it is possible to obtain as complete a data as possible regarding the object of research.

3. Observation or observation. Observations were made by directly observing the activities and procedures for providing motor vehicle financing at the Makassar Branch of BNI Syariah Syariah. With this observation, complete information is obtained, not only one-sidedly, but also from objective research observations. Regarding questionnaires or interviews, it is still possible for respondents to give normative answers even though they are not in accordance with the circumstances or facts in the field. Their observations provide a cross check of data obtained through questionnaires and interviews.

In analyzing the survey data and interpreting the research results, descriptive analysis, frequency analysis, measurement model testing, overall model testing, multiple linear regression model testing were used to see the influence between the research variables. In connection with this, version 21 of the Excel program, SPSS (Statistical Package for Service Solution) is used to simplify the analysis.

#### 1. Descriptive Analysis

Descriptive analysis is used to describe the characteristics of respondents and research variables, both exogenous variables and endogenous variables. Characteristics of respondents include: gender, age, education level, and length of work, while variable descriptions include: contract costs, disbursement speed, profit margin, risk and demand for financing, all of which are presented in tabulated form.

#### 2. Test the Validity and Reliability of the Instrument

The validity test is used to show the level of accuracy of an indicator in measuring certain constructs, because the research instruments used in data collection do not guarantee that the indicators used are able to measure the variables to be measured. The validity of an indicator can be observed in two ways, namely: First, the estimation coefficient (loading factor =  $\lambda$ ) of an indicator for a certain construct whose size is determined by the standardized regression weight. The coefficient is declared valid, if the indicators used can measure certain constructs when  $\lambda \geq 0.5$ . Assessing the significance level of  $\lambda$  is actually no standard guideline regarding the magnitude of the number, because opinions are still mixed from the authors.

Second, the value of the critical ratio (cr) of the regression weight which shows the t-value in the t distribution table where the CR value  $\geq 1.28$  is declared valid for the 10% significance level,  $CR \geq 1.65$  for the 5% significance level, and  $CR \geq 2.33$  for the 1% significance level or the probability value (P) regression weight which indicates the level of significance where the P value  $\leq 0.10$  for the 10% significance level,  $P \leq 0.05$  for the 5%

significance level, and  $P \leq 0,01$  for the 1% significance level.

#### 1. Goodness of Fit Test.

Confirmatory Factor Analysis (CFA) must also meet the model suitability requirements (goodness of fit) required.

#### 2. Test Reliabilities Construct

This test is used to measure the internal consistency of the indicators of a construct which shows the degree to which each indicator indicates a common construct. In other words, how specific things help each other in explaining a general phenomenon.

#### 3. Analysis of Multiple Linear Regression Model

Multiple linear regression model testing is used to determine the relationship between research variables as follows:

$$Y_1 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \mu$$

Where:

Y = Request for Motor Vehicle

Murabaha Financing

X1 = Administrative costs

X2 = Defrost Speed

X3 = Profit Margin

X4 = Financing Risk

$\beta_0$  = Constant

$\beta_1, \beta_2, \beta_3, \beta_4$  = Regression Coefficient

$\mu$  = Error term

## IV. RESULT

### A. The Effect of Administrative Costs on Demand for Motor Vehicle Murabaha Financing

Based on the regression results of the research equation, it is known that administrative costs have a significant effect on the demand for motor vehicle murabahah financing at Bank BNI Syariah Makassar Branch. In accordance with the regression results, the direction of the relationship between these two variables is negative. This means that if administrative costs increase, the demand for murabaha financing will decrease. This is consistent with research conducted by Nugroho and Jannah on murabahah financing. (Nugroho, 2005; Jannah, 2009).

In this study, the contract and administrative costs used as question material in the questionnaire are promotional expenses, administrative expenses, personnel expenses, insurance costs, and notary expenses. Each of these costs can be viewed from 2 perspectives, the first is the Bank's point of view and the second is the customer's point of view. Promotion costs are a number of funds that the company disburses into promotions to increase sales. (Simamora, 2002). Administrative costs are costs to coordinate production and product marketing activities. (Mulyadi, 2005). Personnel costs are costs related to the functions of personnel and individuals working within

the organization. (Supriyono, 2000). Insurance costs are costs related to product underwriting, while notary fees are costs incurred for using notary services.

In the bank's view, contract and administrative costs are, in principle, costs that must be borne by the Bank in relation to the implementation of administrative functions that it carries out. (Hansen dan Mowen, 2001). Whereas in the view of customers, administrative fees are fees that must be paid by them as the price for the services they get. In this study, the object of research is the customer who applies for murabahah financing to the Makassar Branch of BNI Syariah Bank. Thus, this cost is basically almost the same as the price given for obtaining murabahah financing services. Therefore, these costs can be categorized as prices.

The law and conventional demand theory states that, in the condition of paribus cherries, if the price increases, the demand for that good or product will decrease. This condition also applies and is reflected in the findings of this study, namely, a significant increase in contract and administrative costs has an impact on decreasing demand for murabahah financing for motorized vehicles at Bank BNI Syariah Makassar Branch. So, if the costs faced increase, the demand will decrease.

### B. The Effect of Disbursement Speed on Demand for Motor Vehicle Murabaha Financing

In accordance with the regression results of the research equation, it is known that the speed of disbursement is positively and significantly related to the demand for motor vehicle murabaha financing. This means that the faster the disbursement of funds is made by the bank, the higher the level of demand for financing at the bank. These results are consistent with the findings of research conducted by Nuratiah at Bank Mandiri Syariah in Medan.

Fund disbursement speed is basically a measure of bank administration services related to the provision of funds requested by customers. The ideal is that the sooner the funds are disbursed, the better the bank's performance in terms of service to customers. This study uses four indicators in assessing the level of service speed and disbursement of funds, namely the comparison of service speed with other banks, the response of the bank concerned, administrative systems, and professional performance.

In accordance with these four criteria, most respondents gave a positive assessment of the performance of the Makassar branch of the BNI Syariah bank. This means that bank services are in accordance with the ideal conditions hypothesized by several experts. Thus, the speed of disbursement of funds is able to increase the demand for murabahah financing because the bank's performance as measured by these 4 components is in accordance with the ideal conditions expected by the customer.

### 3. The Effect of Profit Margin on Demand for Motor Vehicle Murabaha Financing

Based on the regression results of the research equation, it is known that the profit margin variable does not have a significant effect on the demand for murabaha financing. This condition means that when making requests for murabaha financing for motorized vehicles, this variable is not the customer's consideration. In other words, regardless of the profit margin proposed by the bank, it does not really have an impact on the financing request submitted by the customer.

However, under ideal conditions the profit margins offered by banks have a negative effect on customer demand for financing. This is because the profit margin is basically the bank's income that is charged to customers. The higher the profit margin offered, the higher the level of income and profit the bank will get. However, on the other hand, the high margin means that the burden that must be paid by customers to the bank will be even higher. The implication is a decrease in demand for financing at the bank.

### 4. The Effect of Risk on Demand for Motor Vehicle Murabaha Financing

The regression results of the research equation show that the risk variable does not have a significant effect on the demand for murabaha financing at Bank BNI Syariah Makassar Branch. These findings imply that the risk variable borne by customers does not become an obstacle for them to make financing requests. The risk that is measured in this study is in the form of fines that must be paid for committing violations. Thus, it can be said that the fines given to customers are not a consideration for murabaha financing requests.

In ideal circumstances, the risk in this case a penalty is negatively related to the demand for financing. The higher the fines or risks borne, the lower the demand for financing. This is because fines are an additional burden on financing made by customers to the bank. So, if the additional burden borne is high, the interest in borrowing will decrease so that the demand for financing will decrease directly.

### 5. The Influence of the Most Dominant Variable on the Demand for Funding for Motor Vehicle Murabaha

The results of the regression analysis of the research equation show that of the four types of variables measured in this study, namely contract and administration costs, disbursement speed, profit margin, and risk, only two variables have a significant effect on the demand for murabaha motorized vehicle financing. The two other variables are not significant in influencing the demand for murabaha financing. Two significant variables are the contract and administration costs and the speed of disbursement, while the variables that have no effect are the profit margin and risk.

The effect of contract and administrative costs is in a negative direction, while the speed of disbursement is in a positive direction. Even so, the direction shown is in

accordance with the ideal conditions that should have occurred. Thus, to see the dominant variable influencing the demand for murabaha financing, we can see the coefficient. So, by looking at the coefficient of each variable, it is stated that the dominant factor in the demand for murabaha financing at the Makassar Branch of BNI Syariah Bank is the speed of disbursement.

## V. CONCLUSION

Based on the results of the analysis and discussion, the following conclusions can be drawn:

1. Contract and administration cost variables have a negative and significant effect on the demand for murabaha financing for motorized vehicles at Bank BNI Syariah Makassar Branch. This means that if costs increase, the demand for financing will decrease. Conversely, if costs fall, the demand for financing will increase.
2. The variable cost of disbursement speed has a positive and significant effect on the demand for motorized vehicle murabaha financing at Bank BNI Syariah Makassar Branch. This means that if the speed of disbursement is increased, the demand for financing will decrease. Conversely, if the speed of disbursement is lowered, the demand for financing will increase.
3. Profit margin and risk variables do not have a significant effect on the demand for motor vehicle financing at Bank BNI Syariah Makassar Branch.
4. The dominant variable affecting the demand for murabaha motor vehicle financing at Bank BNI Syariah Makassar Branch is the speed of disbursement.

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