ABSTRACT

This study takes on profit sharing as the focus of the research. The financing of profit sharing in the Islamic financial system is core products form Islamic banking which is used to finance a productive and halal business.Which put forward justice and mutual benefit where every interest-based transactions, everything that is not lawful, and exploitation prohibited in Islam. Although financing for profit is primarily financed by sharia banks, the financing portion is still dominated by financing based on the margin scheme.

This research was conducted to measure the capital adequacy ratio, non performing financing, and third party fund on financing of profit sharing, either simultaneously or partial.

This research is a descriptive verification research that is causality. Unit of analysis in this research is sharia bank in Indonesia. Research data using the data samples were selected through purposive sampling technique and retrieved 7 Islamic banking for six years, that is from the year 2011 to 2016. This study uses panel data regression.

The results showed that the capital adequacy ratio, non performing financing, and third party fund simultaneously influence the financing of profit sharing. Partially, the capital adequacy ratio and non-performing financing does not affect the financing of profit sharing. while third party fund deposits have a positive effect on the financing of profit sharing.

Future research may use the independent variable in this study to find out its effect on financing for profit sharing, not only in general (BUS) but also the Sharia bank in syariah business unit (UUS) and the syariah financing banks (BPRS), as well as using other variables that have a significant influence. For sharia banking, banks need to increase third party funds so that the amount of funds that can be distributed in the form of financing for profit sharing.

Keyword: *Sharia Bank, Capital Adequacy Ratio (CAR), Non Performing Financing (NPF), and Third Party Fund.*