

DOES THE POPULATION NUMBER, THE ECONOMIC GROWTH, AND THE INFLATION INFLUENCE THE GROWTH OF ISLAMIC BANK IN INDONESIA?

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Abstract

The research was aimed to know the influence of population number, economic growth, and inflation to the Islamic bank growth in Indonesia. Data used in the research was panel data, which were the combination of time series data (sequence of time) and cross section data during ten years from 2009 until 2018. The method used in the research was panel data analysis with the approach of fixed effect model. The result of regression test showed that there was a positive influence among the population number, economic growth to the Islamic bank growth. Meanwhile, the inflation had a significantly negative influence to the Islamic banking growth in Indonesia.

Keywords: Moslem Population, Economic Growth, Inflation, and DPK.

A. INTRODUCTION

Based on the statistical of Islamic banking record issued by the Finance Service Authority, the growth of Islamic bank for ten years from 2009 to 2018 had increased. Though the growth was considered slow if it was connected to the supporting external factors like the economic growth and biggest Moslem population, even Islamic banking statistic noted that there were several components showing the fluctuative growth since 2014 like the number of branch office. There were 2910 offices in December 2014. It decreased into 2747 offices in 2015. It decreased dractically into 475 offices in 2017. In December 2017 the employee numbers were 60365. It decreased into 59389 employees in 2018. The total cost in December 2016 was 254670 billions rupiah. It became 19756 billions rupiah in 2017 even though the total cost in 2018, it increased reaching 329277 billions.

Meanwhile there was a decrease in Capital Adequacy Ratio in 2015 around 15,02%, which was noted 16,10% in 2014. (Finance Service Authority, 2018).

Below is the table of Islamic bank condition for five years from 2014 until 2018:

Table 1
Islamic bank Condition from 2014 to 2018

Year\ Component	2014	2015	2016	2017	2018
Office	2910	2747	487	475	2724
Employee	50522	58606	59969	60365	59389
Account Number	19464068	19874070	23705234	27500214	30968073
Depositor Funds	221886	235977	285159	341706	379963
Cost	204335	218761	254670	197562	329277
CAR	16,10%	15,02%	15,95%	17,91	20,39%

Source: OJK Islamic Banking Statistic, analyzed .

The majority of Indonesia are Moslem, even Indonesia is the biggest Moslem country. Based on data issued by Central Bureau of Statistic that in 2010 the Indonesian Moslem reached 207.176.162 people or 87,18% of the total Indonesian 237.641.326 people. It is a supporting potency the growth of Islamic bank (2010 resident census- the resident according to region and believed religion | Indonesia, t.t.)

The condition of Islamic bank growth above was also different to the Indonesia economic growth, which was based on Central Bureau of Statistic data, the number of Indonesia economic growth during this recent ten years was stable at around 5 percent. In 2018, the Indonesia economic growth was 5,17 percent which was the highest during the recent four years. The number was higher compared to Malaysia which reached 4,70 percent, Thailand 4,10 percent, Brunei Darussalam 0,5 percent, and Singapore 0,44 percent. Meanwhile, in quartal III 2019 the Indonesia economic growth was 5,02 percent, followed by Malaysia 4,40 percent, Thailand 2,40 percent, and Singapore 0,50 percent.

The annual inflation of Indonesia from 2005 until 2015 was generally higher compared to the Southeast Asia countries which was around 3-5 percent, meanwhile the Indonesia annual inflation was around 8,4 percent. The Indonesia inflation had just been able to control since 2015 which was 4,9 percent and it decreased to be 3,6 percent in 2016. It decreased more to be 3,3 percent in 2017 and in 2018 it became 2,2 percent. The inflation of August 2019 was 0,12 percent and

it was the lowest point since 2012 (SCB: the lowest 2019 inflation since the ten recent years, t.t).

Below is the data on depositor funds, the population number, gross domestic product, and inflation from 2009 to 2018 (Antonio, 2001)

Table 2
TPF, Population Number, GDP, and Inflation
From 2009 to 2018

Year	Depositor Funds	Population Number	GDP	Inflation
2009	53521	234455	1349195061	2.78
2010	77640	237641	1716033282	6.96
2011	117510	240528	1821728697	3.79
2012	150450	245416	1959198591	4.3
2013	187200	248818	2016357784	8.38
2014	221886	252165	2150908994	8.36
2015	235977	255462	2258292168	3.35
2016	285159	258705	2374708250	3.02
2017	341706	261891	2498906228	3.61
2018	379963	265077	2631674117	3.13

Source: Central Bureau of Statistic (BPS), analyzed.

B. THEORITICAL FOUNDATION

The Growth of Islamic bank

After the Banking Bills No.10 Year 1998, regulating the legal base and business type can be operated and implemented by Islamic bank as well as giving directions for conventional banks to open Islamic bank branches or even changing from the conventional bank into Islamic bank (Antonio, 2001). Since then there appeared the Sharia finance institutions operating side by side with the conventional finance institutions. Islamic banking in Indonesia grows to be alternative finance institutions for people who want finance service which was proper with Sharia principles as well as to be a direct competitor for the conventional finance institutions in offered products and service (Ascarya, 2011).

Even though Islamic banking appeared in many places, however the growth was not the same. It could be seen from their growth indicators. The growth of Islamic banking can be seen from several indicators such as the asset growth, the increasing number of offices, the increase of Third Party Fund, the increase of distributed costing number, the Islamic banking's share to all bank, and so on (Sudana & Marlina, 2019).

The growth of Islamic banking generally influenced by internal and external factors. Internal factors involve all factors coming from bank internal itself, such as the human resource competency, good management, owned capital, high cost, inefficient operational cost, poor service and insufficient technology. Meanwhile the external factors involve all factors coming from the outside of the bank itself

such as the Islamic bank regulations, the economic growth, the people prosperity, unemployment, inflation, and so on.

The Population Number

Based on the classical theory initiated by Adam Smith, it stated that output would develop in conjunction with the people development. The increase of people number is closely related to the number of labor force. The condition is considered as a factor which can stimulate the economic growth. It means that more and more the labor force, more and more human resource supply, more and more people number will increase the potency of domestic market (Arsyad, 2016b). In other words, the big number of labor force will be able to be a potency for a country's development if the labor force has high quality competency. One of the indicators is the high level of education (Arsyad, 2016).

Arsyad explained that what need to ask at first is whether the high offer increase of labor force will influence positively in stimulating the economic growth. The answer depends on the systematic ability of the economy itself in absorbing and employing the additional labor force productively. The ability depends on the type and level of capital accumulation as well as the availability of needed factors, like managerial and administrative expertise (Arsyad, 2016).

Inflation

Inflation in the modern view is translated into a comprehensive increase of an amount of money that must be paid to goods or services. Statistical Center Board means inflation as a tendency of the general increase of goods and services price happening continuously. When the demand of goods and services in the country increases, then there will be a price increase or inflation. In other words, inflation can also be translated into the currency decrease to goods and services in general.

The bad effects of uncontrolled inflation can disturb and halt the growth process of real sectors. It happens because of by inflation the people purchasing power will decrease thus, the producers will decrease their production (output) causing the firing of labor and increasing the unemployment. The inflation increase will automatically increases the interest rate determined by monetary authority. Therefore, in the high interest rate condition the real sectors will find difficulties in funding to increase the production or to develop the business because of the higher capital cost that must be spent (Latumaerissa, 2015).

The Relations between The People Number and The Islamic bank Growth

The high people number is a potensial market for Islamic bank to sell and develop its products. The high people number indeed influences the financial sector products including the Islamic bank products either the product quantities or product types needed by the people.

The high people number also means that the supply of labor force is higher and higher. According to Ehrenberg and Smith that everybody need a job because

there are needs and wants that he needs to fulfill. In fulfilling his needs and wants, everybody needs costs to spend so that everybody is forced to work directly or indirectly (Ehrenberg & Smith, 2012). The condition can be used by Islamic bank to get the needed employees.

The Relations between the Economic Growth and The Islamic bank Growth

The high economic growth is an indicator of a country's good economical performance. The economics growth has a vital role in supporting the business world development. The continuous economic growth can support the widely-opened business opportunities, the increasing output, and the more optimum labor force absorbing. The better business development can fix the employment condition and support the labor productivity. So is in the reverse, the low economic growth will cause the low business opportunities (Feriyanto, 2015). When the business opportunities is low, the people income is also low so that in turn it will affect the low of people's saving power.

The Relations between Inflation and Islamic bank Growth

According to Islamic economists, there are several bad effects of inflation to the economy such as (Karim, 2013):

1. Inflation disturbs the function of money, saving value, down payment, and calculation unit. Due to inflation, people must let themselves from money and financial asset. Inflation can cause inflations itself (self-feeding inflation).
2. Inflation can decrease people's attitude and spirit for saving (because of the decrease of Marginal Prosperity to save).
3. Inflation can increase the will of shopping non-primary goods as well as the luxurious stuffs (the increase of the marginal propensity to consume).
4. Inflation directs non-productive investment, that is: collecting the wealthy (hoarding) like: land, building, gold, foreign currency. Inflation sacrifices investment to be more productive such as, farming, industrial, commerce, transportation, and so on.

Murni, in the other side, said that high-level inflation would not develop a country's economic growth. Some of the inflation effects are inflation will reduce the wealthy value in money like the people's saving in the bank which its real value will decrease (Murni, 2016). The condition will cause the people reluctant to save their money and more interested to save their money in the form of land, house, and building.

Previous Research

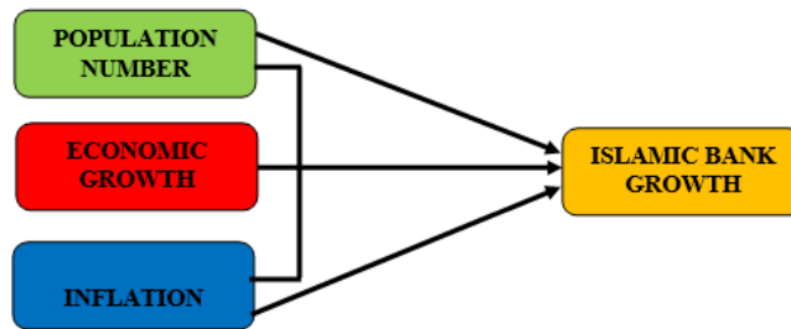
1. Tamsir Chan, a research entitled Deterinants of Islamic banking Growth: an Empirical Analysis. The research was aimed to analyze the factors which can influence the Islamic bank growth. The analyzed variables were the high price of oil, the stable of domestic price, the more educated population, the big capital, the economic growth (GDP), the big Moslem population, and Sharia Bills. The result showed that the high price of oil, the stable of price, the big capital, and the more educated population influenced positively to Islamic bank growth. Meanwhile the GDP, the big Moslem population, and the Sharia Bills did not influence to Islamic bank growth. The main obstacle of Islamic banking growth was the regulation, the tax rate, and the low of skillful employees (Cham, 2018).
2. Abdul Rashid and Samia Khalid, a research entitled Impacts of Inflation and Interest Rate Uncertainty on Performance and Solvency of Conventional and Islamic Banks in Pakistan. The research discussed about the effect of inflation and uncertainty of interest rate to bank solvability performance. The research also discussed whether the effect of both certainties different for conventional and Islamic banks. The research result showed that several special bank variables were so important in determining the performance and solvability of bank in Pakistan. The research result also showed that those variables had different influences to the financial performance and solvability either conventional or Islamic banks. The research also found that even though inflation and uncertainty of interest rate did not influence much to the solvability of conventional bank, it was so influential for Islamic bank. The research concluded that the inflation rate and interest rate influenced positively significant to the bank solvability (Rashid & Khalid, 2017).
3. Shamsun Nahar and Niluthpaul Sarker, a research entitled Are Macroeconomic Factors Substantially Influential for Islamic Bank Financing? Cross County Evidence. The research was aimed to analyze the influence of macroeconomic factors to Islamic banking. The research was conducted to 172 Islamic banks in 48 Moslem and non-Moslem countries. The analyzed variables were interest rate, GDP growth rate, inflation rate, and money exchange rate. The research result showed that GDP growth rate and inflation rate were positively significant to Islamic banking. Meanwhile, interest rate and money exchange rate were negatively significant to Islamic banking (Nahar & Sarker, 2016).
4. Hilman, a research entitled The Factors Affecting Mudharabah Deposits of Islamic banking in Indonesia (2016). The variables in the research were profit sharing rate of mudharabah deposits, interest rate of conventional bank saving, growth rate of Jakarta Islamic Index, and GDP to mudharabah deposits number. The research result showed that GDP had a positively significant influence to mudharabah saving number in Islamic banks. The research showed that economic growth by GDP indicator was influential to

Islamic bank growth in Indonesia. The growth was indicated by the increase of mudharabah saving number (Hilman, 2016).

5. Ali, Maamor, and Gill, a research entitled Impact of Macroeconomic Variables on Islamic Banks Profitability (2018). The purpose of the research was to know the effect of macroeconomic like GDP, inflation, interest rate, money exchange rate, oil price, and money availability in influencing the profitability of Islamic bank in Brunei Darussalam. The result showed that the variables of GDP, inflation, and price oil were the most significant factors in influencing the profitability of Islamic bank (Ali et. Al., 2018).
6. Mukhlis M. nur and Juliana, a research entitled The Analysis of inflation to Saving in Islamic banking (Case Study in Mandiri Syariah 2012-2016). The research variables were inflation as the independent variable or variable X, which influenced the saving which was the dependent variable or variable Y. The conclusion of the research showed that inflation was negatively significant to the saving in Sharia Mandiri Bank from 2012-2016 (Nur & Juliana, 2018).

From the explanation above, based on the theory and previous research that it can be shown in causalities of variables as follow:

Figure 1
Research Paradigm



The Research Hypothesis:

H1: The population number influenced significantly to the Islamic bank growth in Indonesia.

H2: The economic growth influenced significantly to the Islamic bank growth in Indonesia.

H3: The inflation influenced significantly to the Islamic bank growth in Indonesia.

H4: The population number, economic growth, and inflation simultaneously influenced significantly to the Islamic bank growth in Indonesia.

C. RESEARCH METHODOLOGY

The research was aimed to know the correlation among the variables. Correlation is a measurement unit and direction of linear between two variables, meanwhile squared correlation is the measurement on relation strength between them (Silalahi, 2018). The variables which would be correlated were the variables of population number, economic growth, and inflation to the Islamic bank growth in Indonesia. Data used in the research was a combination between time-series data and cross section one, or panel data.

In choosing the proper model for the research data, there conducted a model selection test by conducting Chow test and Hausman test. Chow test is comparing between Common Effect Model (CEM) and Fixed Effect Model (FEM) with the decision criterion; H_0 : the chosen CEM model ($\text{Prob} > 0,05$) or H_1 : the chosen FEM model ($\text{Prob} < 0,05$). Meanwhile, the Hausman test is comparing between Random Effect Model (REM) and Fixed Effect Model (FEM), with decision criterion: H_0 : the chosen REM model ($\text{Prob} > 0,05$) or H_1 : the chosen FEM model ($\text{Prob} < 0,05$).

After getting the proper model, the research conducted classic assumption test. The test was used to choose the proper statistical test, data process and analysis the research could use parametric statistic or nonparametric statistic (Silalahi, 2018) so that the regression equation made accurate estimation, consistent, and not biased. The classic assumption test done in this research involved normality test, multicollinearity test, autocorrelation test, and heteroscedacity test.

The next step was doing determination coefficient test (R^2). Determination coefficient is a measurement of goodness of fit, which is to know how good a regression line sample fit with the data (Gujarati, 2013) as well as significance test either individually (t-test) or a test of all independent variables or simultaneous (F-test)

1. Determination Coefficient (R^2)

R^2 test or determination test is a measurement to explain how big a variation of dependent variables can be explained by the independent variables. If the determination coefficient is equal to zero ($R^2=0$) then variation of dependent variable cannot be explained by the independent variables at all, and if $R^2=1$ then the dependent variables comprehensively can be explained by independent variables. In other words, if $R^2=1$ the all observation spots lie properly on regression line.

2. T-test or partial test

t-test is to test the meaning of regression direction coefficient from the influence of independent variable to dependent one. By determining the significance rate (α) which was 5% based on the probability value with the decision criterion as follows:

- a. If the probability score $> 0,05$ then H_1 is accepted, and H_0 is rejected. It means the independent variable influence the dependent variable significantly.

- b. If the probability score $< 0,05$ then H_1 is rejected, and H_0 is accepted. It means that the independent variable does not influence the dependent variable significantly.
3. F-test or simultaneous test
F test is done to evaluate all the independent influence on the dependent variable with the meaning rate used is 5%.
 - a. If the probability score is $> 0,05$ then H_1 is accepted and H_0 is rejected. It means that the independent variables simultaneously influence the dependent variable significantly.
 - b. If the probability score is $< 0,05$ then H_1 is rejected and H_0 is accepted. It means that the independent variables simultaneously don't influence the dependent variable significantly.

In this research the independent variables were the population number, economic growth, and inflation. Meanwhile, the dependent variable was the Islamic bank growth. The data used in the research was secondary data as follows:

 1. Population number variable (independent variable) is called X_1 variable. The data was the population number in 33 provinces in Indonesia.
 2. Economic growth variable (independent variable) is called X_2 variable. The data was Gross Domestic Product in 33 provinces in Indonesia for ten years from 2009 until 2018 by using the data of
 3. Inflation variable (independent variable) is called X_3 variable. The data was costumer price index in 33 provinces in Indonesia for ten years from 2009 until 2018.
 4. Islamic bank growth (dependent variable). The data was the development of third party fund of general Islamic bank. Sharia business unit and sharia people credit bank year 2009-2018 in 33 provinces in Indonesia. The data was achieved from Islamic banking statistic issued by finance Service authority via website www.ojk.go.id

D. RESULT AND DISCUSSION

Statistical Test

1. Model Testing

The research considered that fixed effect model was the most proper model to use in the research after seeing result of model testing to variable data of population number, economic growth, inflation and Islamic bank growth in 33 provinces in Indonesia. Therefore, the approach of fixed effect model would be used in the next testing. Below are presented the result of panel data regression of the approach.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.042351	0.240306	4.337594	0.0000
POPULATION NUMBER	4.354582	0.748321	6.904226	0.0000
GDP	2.10E-07	0.129377	2.515894	0.0124
INFLATION	-0.876519	0.245121	3.451406	0.0006

Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.939877	Mean dependent var		3.139051
Adjusted R-squared	0.932720	S.D. dependent var		0.702621
S.E. of regression	0.182249	Akaike info criterion		-0.464220
Sum squared resid	9.765090	Schwarz criterion		-0.049773
Log likelihood	112.5963	Hannan-Quinn criter		0.298903
F-statistic	131.3142	Durbin-Watson stat		1.385957
Prob(F-statistic)	0.000000			

2. Classic Assumption Testing

Data Normality Test

Below is presented the result of data normality test of population number, economic growth, inflation, and Islamic bank growth variables.

Series: Standardized Residuals	
Sample 2009 2018	
Observations 330	
Mean	-7.87e-16
Median	0.023771
Maximum	1.371995
Minimum	-1.090416
Std. Dev.	0.428212
Skewness	0.047381
Kurtosis	2.691770
Jarque-Bera	1.429803
Probability	0.489240

The result showed that the research variables showed normal distribution because the probability score was bigger than significance rate 0,05 or 5%. Data normality can also be seen from p-value Jarque Bera. In the number of Jarque Bera above was 0,8637 (bigger than 5%), could not reject H_0 that data distribute normally (Winarno), 2015).

Multicollinierity Test

Gujarati said that multicollinierity symptom and significance of used variable can be seen from its R^2 . If the R^2 is high but there are many insignificant variable then it is assumed that there happens multicollinierty

in the variables (Gujarati, 2013). In the research, the R2 result was 0,962996 or 96% and all variables were significant. Thus, the variables in this research can be concluded as free of multicollinearity. Besides, the research using data panel can be said that its multicollinearity problem could be relatively overcome because multicollinearity generally lied in the estimation model which only used time series-data.

Heteroscedasticity Test

According to Gujarati, to know whether the presence of heteroscedasticity symptom, the research can use Breusch Pagan Godfrey (Gujarati, 2013). The testing can use the smallest square regression with the free square variables and the multiply of indeendent variables. The achieved R2 score could be used to calculate X^2 , in which $R^2 = n \cdot R^2$. The decision is if the probability value $Obs \cdot R^2 > 5\%$, then alternaive hypothesis on the presence of heteroscedascity in the model was rejected. Below was presented the test result of heteroscedascity showing the absence of heteroscedasity assumption.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.329138	0.087129	3.777585	0.0002
POPULATION NUMBER	0.002024	0.016457	0.123016	0.9022
GDP	-2.86E-08	1.52E-08	-1.883703	0.0605
INFLATION	-0.031847	0.000485	-3.806787	0.0002
R-squared	0.059418	Mean dependent var		0.092663
Adjusted R-squared	0.050763	S.D. dependent var		0.091560
S.E. of regression	0.089206	Akaike info criterion		-1.983699
Sum squared resid	2.594190	Schwarz criterion		-1.937649
Log likelihood	331.3103	Hannan-Quinn criter.		-1.965330
F-statistic	6.864674	Durbin-Watson stat		0.797235
Prob(F-statistic)	0.000170			

The result above showed that the reserach variables were free of heteroscedasdity assumption in which the testing said that if the probability value $> 5\%$ then the alternative hypothesis on the presence of heteroscedascity in the model was rejected (Winarno, 2015).

Autocorrelation Test

Ghozali and Ratmono (2017) stated that to detect autocorrelation the research caould use Durbin-Watson test (DW test). The decision to determine its presence or absence are as follows:

1. When the DW value is between upper bound (du) and ($4du$), then autocorrelation coefficient $= 0$, it meas that there is no autocorrelation.
2. when the DW value is lower than low limit or lower bound (dl), then the autocorrelaton coefficient > 0 , it means that here is positive autocorrelation.

3. When the DW value is bigger than (4dl), then the autocorrelation < 0 , it means that there is negative autocorrelation.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.042351	0.240306	4.337594	0.0000
POPULATION NUMBER	4.354582	0.748321	6.904226	0.0000
GDP	2.10E-07	0.129377	2.515894	0.0124
INFLATION	-0.876519	0.245121	3.451406	0.0006
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.939877	Mean dependent var		3.139051
Adjusted R-squared	0.932720	S.D. dependent var		0.702621
S.E. of regression	0.182249	Akaike info criterion		-0.464220
Sum squared resid	9.765090	Schwarz criterion		-0.049773
Log likelihood	112.5963	Hannan-Quinn criter.		0.298903
F-statistic	131.3142	Durbin-Watson stat		1.385957
Prob(F-statistic)	0.000000			

The autocorrelation test result above showed that there was no autocorrelation because d above is between d_l and d_u in Durbin-Watson table.

3. Statistical Criterion Test

The summary of testing result can be seen in table below:

Variable	Coefficient	t-statistic	Probability	Conclusion
C	1.042351	4.337594	0.0000	Significant
Population Number	4.354582	6.904226	0.0000	Significant
GDP	0.491192	2.515894	0.0124	Significant
Inflation	-0.876519	3.451406	0.0006	Significant
R-squared	0.939877			
F-statistic	218.6014			
Prob (F-statistik)	0.000000			

Source: data process result views 7.

4. Determination Coefficient

Based on the result of double regression analysis, the influence of population number, economic growth, and inflation to the Islamic bank growth in 33 provinces in Indonesia had determination coefficient or R^2 as 0.939877. the value showed that the independent variables had given 93% contribution in influencing Y variable or Islamic bank growth in Indonesia. Meanwhile the remain 7% was influenced by the other variables out of the reerach.

5. T Test of Partial Testing

The result of regression test showed that the population number variable with the t-count score was 6.904422 and the probability was 0.0000 in which 0.0000

< 0.05 then the H_0 was rejected so that population number variable influenced positively significant to the Islamic bank growth. The coefficient score of 4.354582 showed that population number variable had a positive and significant direction relations to Islamic bank growth in Indonesia.

Economic growth variable with the t-count was 2.515894 and the probability was 0.0124 if compared to $\alpha=5\%$ in which $0.0124 < 0.05$ then H_0 was rejected so that economic growth variable influenced significantly to Islamic bank growth. The coefficient score of 0.491192 showed that economic growth variable had a positive and significant direction relations to the economic growth.

The analysis result showed that inflation variable had t-count of 3.451406 with the probability was $0.0006 < 0.05$, then the H_0 was rejected so that inflation variable influenced significantly to Islamic bank growth. The coefficient score of -0.876519 showed that inflation variable had a negative and significant relations direction to Islamic bank growth.

6. F test or Simultaneous Testing

Data result analysis showed that achieved F-count was 208.6014 with the achieved probability was smaller than $\alpha=5\%$ ($0.000 < 0.05$) so that H_0 was rejected, then the variable of population number, economic growth, and inflation simultaneously influence significantly to Islamic bank growth in Indonesia.

The Influence of Population Number, Economic Growth, and Inflation to Islamic bank Growth in Indonesia

The model equation achieved from influence estimation of population number, economic growth, and inflation to Islamic bank growth was as follow: $Y = 4.354582(X_1) + 0.491192(X_2) + (-0.876519)(X_3)$.

The equation can be interpreted that every increase 4.354582(X_1) and increase 0.491192(X_2) and -0.876519(X_3) then Y will increase one unit. In other words, if the population number increase 10% then it will cause the Islamic bank growth as 43.5 unity. If the economic growth increase 10%, then the Islamic bank growth will increase as 4.9 unity and if the inflation increase 10%, then the growth of Third Party Fund of Islamic bank will decrease as 8.7 unity.

The research result of inflation variable in this research can be explained that inflation can increase the people's expense. The fund which once was allocated for saving would be used to cover the costs caused by the increase price of goods and services so that decrease the people's chance for saving their money.

This research, thus, is different to the research result of Tamsir Cham (2018) in which GDP and big number of Moslem population did not influence to the Islamic bank growth. However, this research is corresponding to the research result of Shamsun Nahar (2016), Hilman (2016), and Ali, Maamor (2018) in which PDB variable had positively significant influence to the number of mudharabah saving in Islamic bank. From the three research can be concluded that the high economic growth could influence the Islamic bank growth. Meanwhile the inflation in this

research had negatively significance influence to Third Party Fund so that when the inflation increase then there would be a decrease to Third Party Fund. It is different to the research result of Abdul rashid (2017), Ali and Maamor (2018), and Shamsun Nahar (201) in which inflation had a positively significant influence to the probability of Islam bank which means that inflatio increase could increase probability and the Islamic bank growth.

On the inflation variable, the research result corresponds to the research conducted by Mukhlis M. Nur and Juliana. The conclusion of the research result showed that inflation had a negatively significant influence to the saving of Bank Mandiri Syariah. Meanwhile, for the variable of population number the research result had a positively significant influence to the Islamic bank growth. The indicator of Islamic bank growth was measured from Third Party Fund in which it closely related to high number of population number. This condition corresponds to the law of demand when the population number is high, then the demand to goods and services will influence the number of demand. It is different to the research result of Tamsir Cham in which high number of Moslem population had no influence to the Islamic bank growth, yet the educated population had a positively significant influence to Islamic bank growth.

E. CONCLUSION AND SUGGESTION

Conclusion

1. The number of population had a positively significant influence to Islamic bank rowth in Indonesia, from 2009 to 2018.
2. The economic growth had a positively significant influence to Islamic bank growth in Indoneia, from 2009 to 2018.
3. The inflation had a negatively significant influence to Islamic bank growth in Indonesia, from 2009 to 2018.
4. The number of population, economic growth, and inflation simultaneously had a positively significant influence to Islamic bank growth in Indonesia, from 2009 to 2018.

Suggestion

1. Either the government or Islamic bank party should continously give education and sosialization about the differences and benefits of Islamic bank compared to conventional bank considering that here are still many people perceive that Islamic bank and the conventional one are not different in their operation. The condition can be seen from the market share of Islamic bank which is still ittle compared to conventional banks whereas he majority of Indonesian are Moselim. The education can be conducted through embracing the Islamic organizations and institution, the Moslem figures as the gate keeper.it is necessary considering the Indonesian who put a deep respect to the preachers or fatwa or the oppinion of Moslem leaders and figures.

2. The government should had a subject role which be able to move and support the economic growth as well as the facilitator in developng the Islamic bank. This is a condtion which be able to conduct with regulations which had a cause of Islamic bank growth asuc as civil servant, police, and soldier salary to Islamic banks and so on.
3. The government should avoid inflation, even though had an influnce to economic growth. Inflation also had a bad influence to the people, especially the low level people. The people are a group who would face it, even the inflation that suffered by companies would also be faced by the people as the customers. This condition will cause the increase the people's expense so that the tendency to save their money in bank more and more decrease. Inflation willonly give benefits to owner of goods, which in turn will create a sharper and sharper lag.

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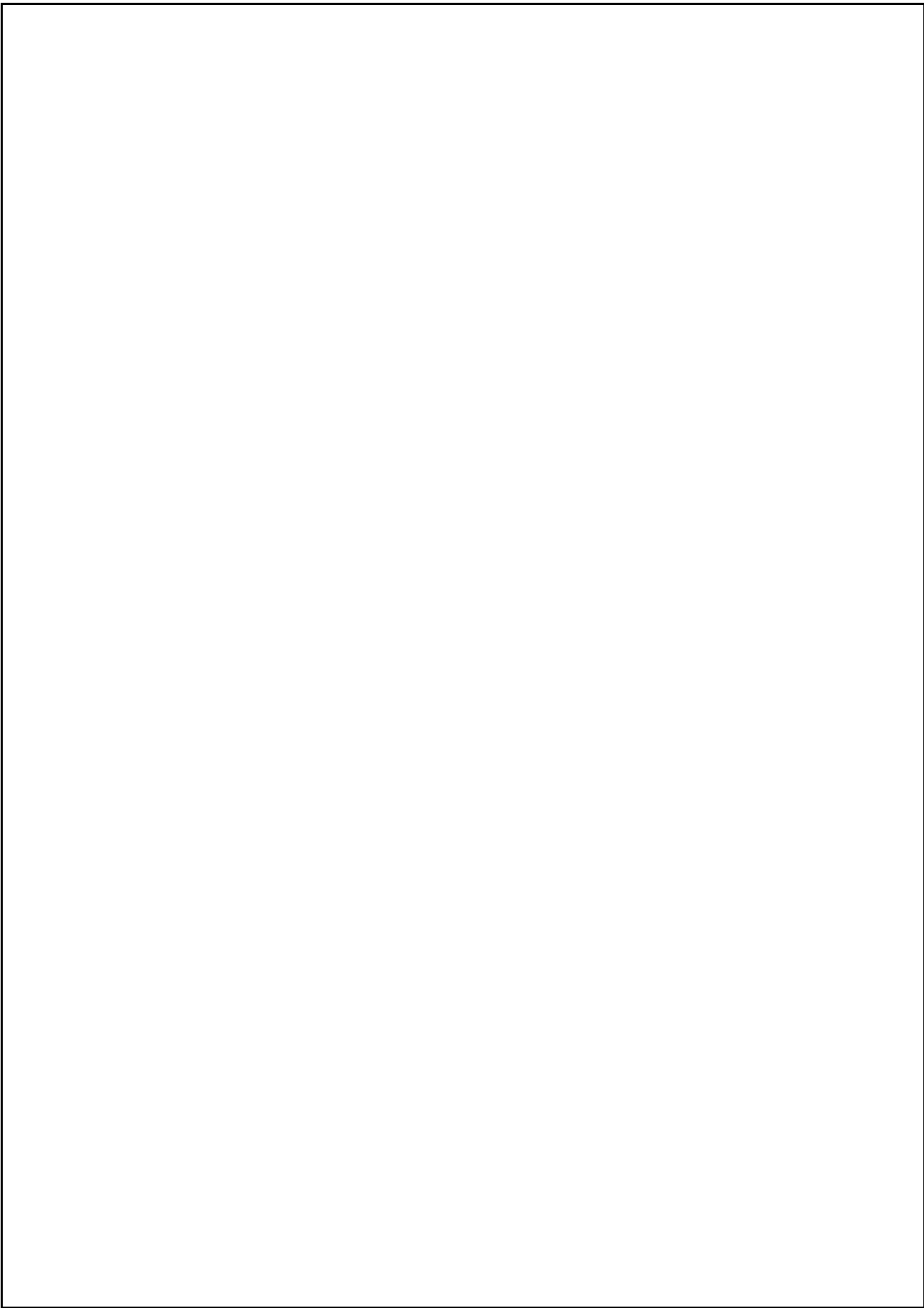
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