

ABSTRACT

THE EFFECT OF PROFIT-SHARING AND LIQUIDITY FINANCING ON PROFITABILITY WITH NON-PERFORMING FINANCING AS AN INTERVENING VARIABLE

(Case Study on Sharia Commercial Banks and Sharia Business Units in Indonesia for the 2020-2024 Period)

By:

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This study aims to find out: (1) Profit Sharing Financing (PBH), Liquidity (FDR), Non-Performing Financing (NPF) and Profitability (ROA) in Sharia Commercial Banks (BUS) and Sharia Business Units (UUS) in Indonesia for the period 2020-2024; (2) The Effect of Profit Sharing Financing, Liquidity, and Non-Performing Financing on Profitability Together. (3) The Effect of Profit Sharing and Liquidity Financing on Non-Performing Financing in Part. (4) The Effect of Profit Sharing Financing, Liquidity, and Non-Performing Financing on Profitability in Part; and (4) The Effect of Profit Sharing and Liquidity Financing on Profitability Mediated by Non-Performing Financing. The research method used is a quantitative research with a descriptive approach and an analysis method using path analysis. Data processing was carried out with the help of the SPSS 26 application. Based on the results of the study, it can be seen: (1) PBH and FDR in each BUS and UUS have varying values. The average NPF in each BUS and UUS shows that it is still relatively healthy. ROA BUS and UUS also have varying values, and most of the average ROA in each BUS and UUS is quite healthy. (2) Together, PBH, FDR and NPF have a significant positive effect on ROA. Partially PBH has a significant positive effect on NPF and FDR has no effect on NPF. (3) Partially PBH has no effect on ROA, FDR has no effect on profitability, and NPF has a significant negative effect on ROA. (4) The results of hypothesis testing using the sobel test show that NPF can mediate the influence of PBH on ROA, but cannot influence FDR on ROA.

Keywords: *Revenue Sharing Financing, Liquidity, Problematic Financing, and Profitability*