

CHAPTER VI CONCLUSION AND RECOMMENDATION

A. Conclusion

The processing data of the research was started by ordering data of VAR structure for VECM model. The first step was stationary test, then it should determine how many lags that were suitable for the model. In determining the suitable lag for the model, the criterion of the test chosen was based on *Akaike Information Criteria (AIC)* that yielded minimum value. After obtaining the minimum value of AIC value, causality test was done to know the influence of independent variables, they were Third Party Fund (TPF), Non Performing Financing (NPF), Profit Sharing Percentage (PSP), to dependent variable or mudharaba. The test was started by Unit-root test and it was ended by Variance Decomposition test.

The result of the research is the influence of independent variables ((Third Party Fund (TPF), Non Performing Financing (NPF), Profit Sharing Percentage (PSP)) on Islamic Commercial Bank to dependent variable (Mudharaba) from 2010 to 2015. The conclusions are:

1. There are some results related to the independent variables in long-run. Third Party Fund is negative and significant to mudharaba and Non Performing Financing is negative and significant. The last variable is Profit Sharing Percentage, it is positive and significant.
2. The development of variables that the movement was measured each month in short-run at Third Party Fund indicates that the movement of lag 1 is negative and not significant and the movement of lag 2 is positive and not

significant. The result in short-run is quite different from the result in the long-run to Mudharaba, that is negative and significant. Non Performing Financing and Profit Sharing Percentage variables are positive and significant, but the result of NPF in the long-run is negative and significant.

3. Final prediction error in Variance Decomposition test, independent variable has high shock to ISSI at Profit Sharing Percentage. This condition affected to the shocks that are shown by final prediction error in Variance Decomposition and the response of impulse in the previous periods. It is suggested that the government should have self-awareness for the stability of Profit Sharing Percentage.

B. Policy and Recommendation

As stated in the previous conclusion, suggestion and recommendation are given to the next research. The suggestions and recommendation are as follows :

1. It should requires some policies or programs related to Third Party Fund. Government and Banks in Indonesia can make mudharaba contract more interesting to people. The increase of Third Party Fund will influence the increase of mudharaba contract. So, there should be investigation there is some problems related to Mudharaba.
2. It requires deeper analysis related to Non Performing Financing. The role of Non Performing Financing is pivotal in Islamic Bank. So, the banks should be more cautious in choosing the customers. If the banks are inconsiderate in choosing customers for NPF, will be worse the condition of Islamic Banks in Indonesia.

3. Banks should organize the policy about the standard of Profit Sharing Percentage in Mudharaba contract, both maximum and minimum standard for better work of Banks in the future. The role of Bank is very important in making appropriate decision. It should consider fairness in determining profit and loss for customers. So, hopefully, banks are more selective in choosing the customers and making decision.
4. Develop some innovations on banking products to interest people in order to stay committed to sharia maqosit principle.
5. Banks should do direct-recheck to the customers, whether there is fairness in running Mudharaba contract or not. They should consider more in observing mutual profit for both customers and banks, in handling study case, and in doing direct field trip. Thus, everything will be running well.
6. The improvement quality of inter human resources in Islamic banks is important, both the quality of soft skill and hard skill for better and optimal service at Islamic financing create good human resource in Islamic banking. Handling training and developing human resource skills especially in Islamic Bank cooperates with Islamic institutions or economic pratitioners
7. Applying appropriate policies and program to universities that have concentration on economic programs or islamic economy it educates at least 5 or more villages as objects of education of Islamic banking which apply appropriate policies and program.

8. It requires optimal roles of academic world (colleges and universities) in improving the quality of young generation, better generation that have adequate knowledge about Islamic Banks.
9. People participation should increase in joining education program related to Islamic Banks, both Financial Literation and Inclusive Finance.
10. Driving Optimal movement on Islamic economy as one of government programs that support people participation to contribute in Islamic Banks (financing) is pivotal.