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Variabel Determinant of Financing Risk, Financing Performance and *Zakat* in Islamic Banks Indonesia

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Authors' contributions

This work was carried out in collaboration among all authors. Author RUK designed the research, did the analysis and wrote the first draft of the manuscript. Authors AR and ABS oversaw the research and analyzed the data. All writers managed the search for final manuscript literature. All authors read and approved the final manuscript.

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ABSTRACT

This study aims to find out, test, and prove the influence of *sharia* financing on financing risk, financing performance, and *zakat* of Islamic Banks in Indonesia. This research uses a form of quantitative research with a type of exoplanet research. The sample of this study was 12 Islamic Banks in the period 2015-2019. The results of this study found scheme financing influence the risk of financing. Buying and selling financing affects the performance of financing, but not profit-share financing and *ijarah* financing obtained insignificant to the performance of financing. Buying and selling financing is not significant to *zakat*, while revenue-share financing and *ijarah* financing are significant to *zakat*. Financing risk significant to financing performance. Financing performance significant towards *zakat*. The findings of this study show that management should be able to manage to buy and selling financing, yield share financing, and *ijarah* financing to minimize financing risk. Management's ability to manage and minimize financing risks can improve financing performance so that increased financing performance will also increase the company's *zakat*. Management's ability to manage and minimize financing risks can improve financing performance so that increased financing performance will also increase the company's *zakat*.

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1. INTRODUCTION

The Islamic Finance Development Indicator in 2018 report revealed Indonesia experienced an increase in *zakat* funds, welfare funds, and social loans provided in a benevolent without any charge, except the return on its original capital. The Global Islamic Finance Report places Indonesia as the country with the highest Global Islamic Financial Market in the world [1]. Based on data from the Financial Services Authority in 2019, 202 Islamic financial institutions consisting of 14 *Sharia* Commercial Banks, 20 *Sharia* Business Units, and 168 *Sharia* People's Financing Banks. The high global Islamic financial market, Indonesia is inseparable from the large number of the Muslim population in Indonesia [2]. This indicates a fairly good quantity of banking, to contribute to stakeholders.

Sharia banking functions as a financial intermediation institution to raise funds (funding) and channel funds (financing). The general principles of *Sharia* banking are known as the "Golden Five" namely fairness, freedom, equality, participation, and accountability [3]. *Sharia* banking aims to realize the widest extent of financial services through financing transactions as an effective effort to encourage economic growth, reduce poverty, reduce income inequality, increase social empowerment, and encourage the improvement of a country's welfare [4]. Increasing the quantity of Islamic banking is inseparable from the company's efforts in improving the company's performance obtained from its business activities, one of which is through the distribution of financing.

Islamic banking has various types of financing, namely buying and selling financing, profit-share financing, and lease financing. Thus, *sharia* banking management must be able to channel financing to the appropriate sectors and agreements, financing that is distributed essentially for productive activities. Buying and selling financing is well known as a popular financing in *Sharia* banking that aims to support the existence of *Sharia* banking products and revive the national economy [5]. Dominant buying and selling financing proved ineffective because there is still a lot of bad credit and resulting in problematic risk [6]. Cost-sharing financing is based on a system designed to share businesses and bear risks between fund owners and fund managers [7]. Furthermore, the principle of yield sharing financing is considered to have a high financing risk due to the high level of asymmetry of information [8,9]. Low level of profit-share financing due to risks that hinder the company's operations [10]. *Ijarah* financing is one form of related activities to meet the needs of life in the form of rent, contracts, and so on [11].

In general, financing risk can be understood as a condition with the failure or inability of fund managers to pay the financing received [12]. Risk cannot be avoided but can only be properly regulated or managed so as not to cause much harm to the company [13]. Higher financing risk indicates poor quality of financing performance [14]. High or low financing risk will affect the performance of financing in obtaining profits or losses [15]. The company's performance can be seen from the accuracy in generating profit [16], companies need to strive to control the risks of financing. The smaller the value of financing risk (Non-Performing Financing), the greater the company's performance [17]. Improvement of the company's performance can be triggered by the financing of the results share with a fair and beneficial system for various parties. Yield-share financing is proven to reduce financing risk [18]. *Sharia* banking puts forward the principle of prudence taking into account the performance capabilities of fund managers so that the Non Performing Financing level can be well controlled [19].

According to Law No. 21 of 2008, *sharia* banking has a social function called zakat. Indonesia has a relatively high *zakat* potential [20]. Indonesia has the potential to get a fairly high value when compared to other countries because Indonesia has the largest Muslim population in the world. *Zakat* is part of the form of Corporate Social Responsibility. Based on *ulama' fatwa* that *zakat* company analogized as trade *zakat* [21]. The company's zakat regulation can be seen in Financial Accounting Standards Statement Number 109 presents financial statements of *Sharia* entities consisting of source reports and distribution of *zakat* funds. *Zakat* becomes a means of cleaning up property that consciously or unconsciously contains MESA dirt (Materialistic, Egoistic, Secularistic, and Atheistic). *Zakat* is always associated with the obligations of individuals, but legal entities that conduct business activities are not included in the source of *zakat*. Whereas *zakat* in addition to must be seen from the point of *muzakki* must also be seen from the angle of his wealth. Sources of zakat legal entities need to get discussions, for example, corporate *zakat* [22].

The concept of *zakat* metaphor that aims to direct the company no longer focus on profit but develop a pattern based on zakat that will realize the success of the company materially and spiritually [23]. The alternative used to reduce poverty is by optimizing *zakat* funds. *Sharia* banks strive to optimize the company's performance by controlling financing risk. The lower of NPF, the better financing performance. Good financing performance will affect the improvement of *zakat* in *Islamic* banking [24]. The description above shows that there are interesting problems that need to be traced about *zakat*. The world's Islamic financial statements list Indonesia as the highest country for *zakat* management, but the data shows that Indonesia is at a low level of welfare, frequent risk of problems, and unstable company performance. Based on this condition, this study was conducted to prove the determining factors that can influence financing risk, financing performance, and *zakat* at *Sharia* Commercial Banks in Indonesia.

This research developed research [4]. The difference between this research and previous research lies in the addition of variables and the addition of research periods to obtain representative results. *Sharia* Commercial Banks registered with the Financial Services Authority are a sample of this research to encourage the principle of fairness and contribute to the government in improving the welfare of the community. Some relevant research and support this research include research [3,4,25] discussed the *zakat* metaphor that the company not only focuses on increasing corporate profits but also plays a role to optimize the company's *zakat*. Research [13,16,17] support this research to improve financing performance by reducing financing risk. The Company can conduct monitoring, *mudharib* compliance, and financing evaluation to reduce financing risk.

2. LITERATURE REVIEW

2.1 Agency Theory

Agency theory is a conflict of interest due to the asymmetry of information that occurs between principal and agent [26]. The branch of game theory is an agency theory that studies the design of contracts that cause conflict in agents and principals [27]. The manager of the company as an agent who is directly related to the company's business activities and has important information while the shareholders as principals cannot assess the agent's decision [28]. Verily most of the people who spend their wealth are indeed violate, except those who believe and do good works, and do not do good to anyone, but they are very few (*Tafsir Min Fathil Qadir* / Shaykh Dr. Muhammad Sulaiman Al Asyqar). Conflict will not occur if the association carries out the rules based on Islamic values. However, more parties make mistakes than trustworthy parties.

2.2 *Sharia* Enterprise Theory

Sharia Enterprise Theory is in principle a concept that explains the disclosure of Corporate Social Responsibility vertically and horizontally [29]. *Sharia* Enterprise Theory is a corporate principle that is not only responsible for horizontal accounting to stakeholders, but the company is also vertically responsible to God, people, and nature [30]. Accountability to people and nature can be realized with Corporate Social Responsibility.

Company reports are a way to remind the company of accountability and transparency. The company's goal is luck which is the achievement of welfare for human beings materially and spiritually for happiness in the world [31]. Mustaffa's concept scheme explains the main responsibility lies with God and the second responsibility to stakeholders [32]. Company reports are part of a strategy to improve accountability and transparency that will give rise to stakeholders' trust.

2.3 *Islamic* Banking

According to Banking Law No. 10 of 1998, banks are business entities that collect and distribute funds in the form of credit and or other forms to improve people's living standards. The country's objectives can be realized through the implementation of economic development that must pay more attention to harmony, harmony, the balance of elements of equitable development, economic growth, and national stability [33]. *Sharia* principle is the principle of Islamic law in Banking activities based on fatwas issued by institutions that have authority in the determination in the field of *Sharia* [34]. Islamic banking as an intermediation institution and financial service provider that works based on business ethics and systems based on Islamic values, especially free from interest (*riba*), free from nonproductive speculative activities such as gambling (*maysir*), free from unclear and dubious matters (gharar), principled justice, and only finance lawful business activities. In short, the first four principles are commonly called *MA.GH.RI.B* (*maysir, gharar, riba,* and *bathil*).

2.4 *Zakat*

Based on the Law of the Republic of Indonesia Number 23 of 2011 concerning the management of *zakat*, the meaning of *zakat* management is planning activities, and coordination in the collection, distribution, and utilization of *zakat*. *Zaka*t is the obligation of a Muslim who has a property with a predetermined minimum amount within a period of one year (*haul*) [35]. *Zakat* is a form of fiscal policy in the Islamic economic system if managed properly will give a quality economic impact. Basically, *zakat*-oriented companies oriented to the overall performance of the company, because to improve the ability of *zakat* companies must first improve the company's performance [36].

Based on the *fatwa* of scholars about *zakat* in the form of professional *zakat* produced at the International Conference in Kuwait in 1984 that analogizes corporate *zakat* to trade *zakat*. The company's *zakat* regulation can be seen in Financial Accounting Standards Statement Number 109 states that the presentation of financial statements of *Sharia* entities, one of which consists of reports of sources and distribution of zakat funds. The obligation of the company to pay zakat is also explained in the Regulation of the Minister of Religious Affairs of the Republic of Indonesia year 2014. The company's *zakat* calculation pattern is based on the financial statements (balance sheet) by reducing liabilities on current assets, or all assets (outside the facilities and infrastructure) plus profits, minus the payment of debts and other obligations, and then issued 2.5 percent. The meat sector in the developing countries is divided into formal and informal sector [21].

2.5 Financing Performance

Performance is a result of many individual decisions made continuously by management. The company's performance is the level of achievement of results to realize the company's objectives [37]. Performance becomes an indicator of the work rate of a company's activities as an achievement achieved in a certain period to know the good or bad condition of a company [38]. Good company operations depend on the performance. Financing performance calculation mechanism consists of profit sharing and revenue sharing [4]. *Sharia* banking mechanism as a form of financial contract that has been developed by replacing the interest mechanism with a profit-sharing mechanism.

The principles of sharia banking profit share are the principles of fairness, the principle of equality, and the principle of tranquility [39]. *Sharia* banking performance is largely measured based on the results achieved such as; comparison of buying and selling financing amount with all financing provided by *Sharia* banks [40], total asset growth and net income[15]. *Sharia* banking performance is better when viewed from the ratios of Non-Performing Financing, Loan to Deposit Ratio, Operating Expenses to Operating Income [41].

2.6 Financing Risk

One of the risks faced by *Sharia* banking is the inability of customers to fulfill agreed agreements. The financing risk received by *Sharia* Banks is one of the bank's business risks, resulting from the unpaid loan [42]. Financing risk is measured by Non-Performing Financing. Non-Performing Financing is a ratio used to measure the bank's management ability in managing existing non-performing financing so that it can be met with productive assets owned by a bank [7]. Non-Performing Financing is an indicator of problematic financing that must be considered due to its volatile nature. If the percentage of NPF increases, it will affect the decrease in the amount of profit and income obtained by Islamic banks.

2.7 Financing Scheme

The financing method applied by Sharia banking is a non-profit method in the form of financing that uses a buying and selling system including leases, and profit and loss sharing in the form of profit and loss financing. Buying and selling financing is a transaction of buying and selling of an item in the amount of the acquisition price

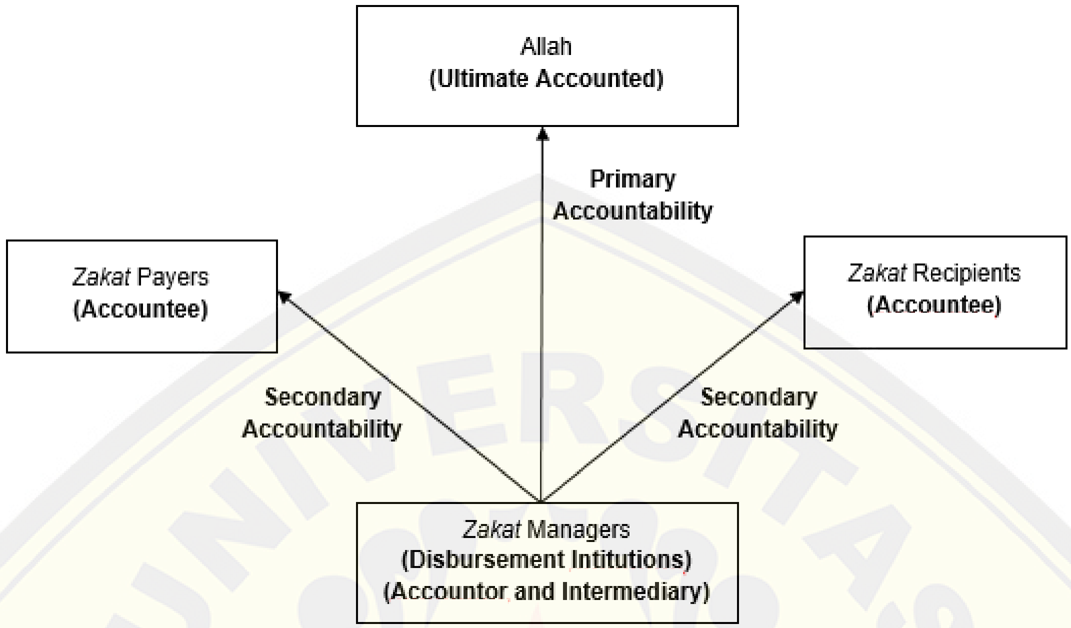

Fig. 1. The concept of accountability that underlying *zakat* disbursement management by *zakat* institutions (Mustaffa, 2007)

coupled with the margin (profit) agreed by both parties, where the bank informs the customer in advance of the acquisition price [43]. *Murabahah* financing can be transacted in cash or installments with the recognition of the principal portion and profit is calculated proportionally [5]. Profit-sharing financing is financing from fund owners to fund managers to conduct certain *sharia*-compliant business activities, with the distribution of business proceeds between the two parties based on a previously agreed ratio [43]. Profit-sharing financing is a business cooperation between two parties where the first party as the owner of the fund while the second party as the fund manager and the profits are divided by the agreement, and if the loss is borne by the fund manager [44]. *Ijarah* financing (lease financing) as a financing agreement in the form of lease transactions on goods and/or services between the owner of the rental object including ownership of the right to use the rental object with the tenant to get in return for the lease object that is awarded [43]. He lease agreement has no change of ownership, but only the transfer of rights from the leased one to the tenant. The definition of *fiqh Al-ijarah* is called the transfer of the right to use (benefit) of an item and/or service within a certain time through the payment of wages, without being followed by the transfer of ownership of the goods themselves. Lease financing is defined as a transaction that is allowed to benefit the goods that have been determined in a certain period [45].

2.8 Conseptual Framework and Research Hypothesis

Sharia banking has a report on the source and distribution of *zakat* funds, in which *zakat* funds are consisting of internal *zakat* of Sharia banks and external *zakat* Sharia banks. Sharia bank internal *zakat* is influenced by banking performance and banking risk, in contrast to external *zakat* distributed through *zakat* institutions. Thus, the difference between this research and previous research is focusing on improving the company's internal *zakat*. It can contribute to the welfare of the community as an effort of the company to carry out Corporate Social Responsibility. Thus, *Sharia* banking will not only focus on obtaining corporate profits but banks will also focus on improving internal banking *zakat* by improving the company's performance and reducing the risk of the company.

Based on the theory and review of previous research described above, the conceptual framework of this research is described as follows:

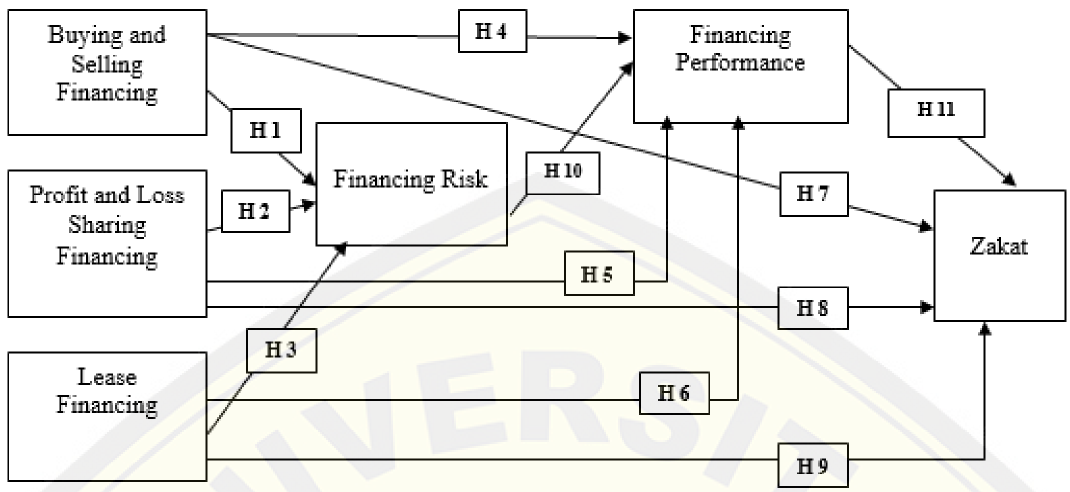

Fig. 2. Conseptual framework

Based on the theory and previous research studies that describe the conceptual framework of research as pictured above, the hypothesis of this research is as follows:

H1 : Buying and selling financing affects financing risk
H2 : Yield share financing affects financing risk
H3 : Lease financing affects financing risk
H4 : Buying and selling financing affects financing performance
H5 : Yield-share financing affects financing performance
H6 : Lease financing affects financing performance
H7 : Financing of buying and selling affects *zakat*
H8 : Financing for the distribution of proceeds affects *zakat*
H9 : Lease financing affects *zakat*
H10 : Financing risk affects financing performance
H11 :Financing performance affects *zakat*

3. METHODOLOGY OF THE STUDY

This research applies a form of quantitative research with a type of exoplanet research that aims to explain, test, or prove a theory or hypothesis to accept or reject the theory or hypothesis of existing research results. Quantitative research method has data in the form of numbers or numbers that can be processed and analyzed using statistical or mathematical calculations [46].

The type of data used in this study is secondary data in the form of Islamic banking financial statements for the period 2015-2019. The data source used comes from the publication of Islamic banking financial statements obtained through the official website of each Islamic banking and information through the Financial Services Authority's website which is still related to research.

The population in this study was *Sharia* Commercial Banks in Indonesia as many as 14 banks in the period 2015-2019 and obtained a sample of 12 banks while the other 2 banks were due to incomplete data. Sample selection techniques use purposive sampling techniques. Data collection techniques are documentation data by collecting, recording, and studying secondary data in the form of sharia banking financial statements that have been audited. The independent variables of this research are buying and selling financing, cost-for-money financing, and lease financing. The dependent variable is zakat. Intervening variables are financing risk and financing performance.

This research uses the Smart-PLS 3.0 base as a powerful analysis method. The reason researchers use the partial least square method is the small sample size and minimize abnormal distribution [47], very suitable for research with secondary data due to the nature of partial least square flexible [48], to develop the theory of secondary data financial ratio [49].

4. RESULTS AND DISCUSSION

The partial least square method aims to predict the theory. PLS analysis consists of two sub-models, namely the measurement model and structural model. The measurement model shows how to manifest variables or observed variables represent latent variables to be measured, while the structural model shows the estimation strength between variables. Data processing results using Smart-PLS 3.0 include validity, reliability, and hypothesis test results. Based on output Smart-PLS 3.0, that construction has good validity. Validity can be seen from the loading factor value with a construct indicator of more than 0.7. Reliability test aims to prove the accuracy, consistency, and accuracy of instruments in measuring construction. Cronbach's-Alpha is declared reliable when it meets a coefficient level of more than 0.7. Based on output Smart-PLS 3.0 that construction has good reliability. The reliability of the construction can also be done by knowing the Average Variance Extracted value that indicates a value above 0.5. The path analysis presents the problem in the form of an image and determines the structural equations that represent the relationship of variable causality. The first step in path analysis is to design a path diagram according to the hypothesis developed in the research.

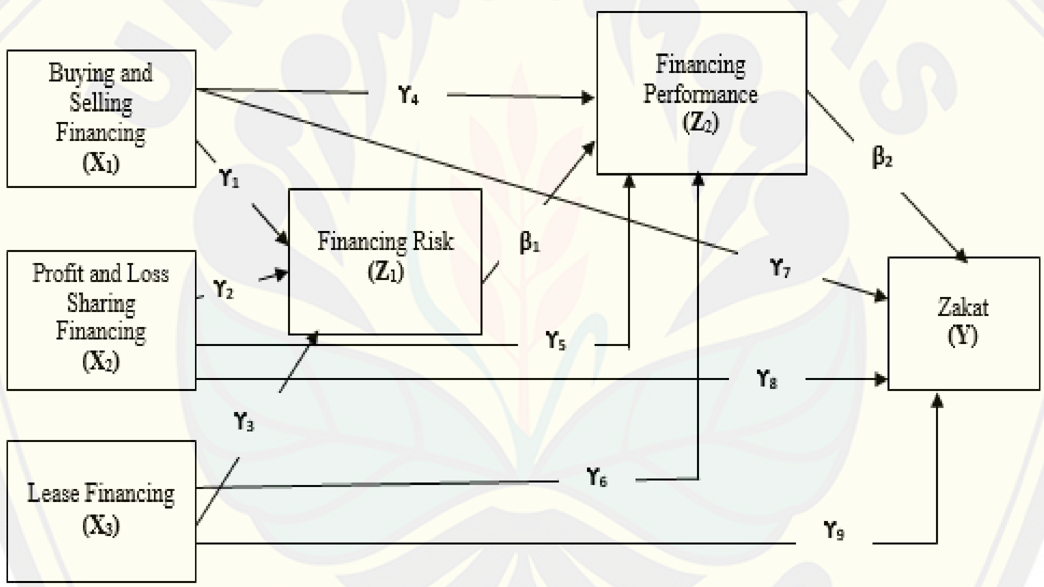

Fig. 3. Path analysis

The regression equation of this research:

Z1 = Y1X1 + Y2X2 + Y3X3 + e … …………….. (1)
Z2 = Y4X1 + Y5X2 + Y6X3 + β1Z1 + e…………….. (2)
Y = Y7X1 + Y8X2 + Y9X3 + β2Z2 + e…………….. (3)

Description

X1 : Buying and Selling Financing
X2 : Profit and Loss Sharing Financing
X3 : Lease Financing
Z1 : Financing Risk
Z2 : Financing Performance
Y : Zakat

4.1 Hyphothesis Result

Based on the results of the line analysis using Smart-PLS 3.0, scheme financing influence the risk of financing. Buying and selling financing affects the performance of financing, but not profit-share financing and lease financing obtained insignificant to the performance of financing. Buying and selling financing is not significant to *zakat*, while revenue-share financing and lease financing are significant to *zakat*. Financing risk significant to financing performance. Financing performance significant towards *zakat*.

4.2 Discussion

Based on the results of line analysis using Smart-PLS 3.0 obtained that buying and selling financing affects financing risk so that H1 is accepted. The results of this study support the statements described [6]. Financing risk has a positive or negative impact depending on the asymmetry of information that occurs in the company's operations. Increased financing can affect the risk of uncollectible financing, *Sharia* banks will have difficulty in their accountability in case of high financing risk. The higher the level of disbursement of buying and selling financing, the higher the possibility of financing risk. Companies must control risk by reducing information asymmetry and adding innovation to financing products so that financing sources can increase. The Company is obliged to monitor, capability, compliance *mudharib* in fulfilling its obligations, and evaluation on financing carried out. The results of this study support the research [5,6,50]. Analysis using Smart-PLS 3.0 obtained that profit-share financing affects financing risk so that H2 is accepted. The results of this study support the statements described by some scholars [40,51,52] that *sharia* banking is minimal in its openness to financial statements. This condition will trigger asymmetry of information. The Company will pay attention to providing for-like financing to avoid business failures by considering the level of *mudharib* experience tested for success in carrying out the business. The more productive the business is carried out, the less the financing risk. The results of this study support the findings from other scholars [7,40,50,53]. Analysis lease financing affects financing risk so that H3 is accepted. The results of this study support the statements described [12,54] that lease financing is one form of financial services that meet the needs of the community, namely financing provided from the institution to members to benefit from goods services. If *mudharib* do good management, it will minimize the risks that occur to the goods that are taught and the cost of damage that occurs will be small The results support the research findings from the scholars [55,56,57,58].

Analysis using Smart-PLS3.0 obtained that buying and selling financing affects the performance of financing so that H4 is accepted. The results of this study support the statements described by Rosyadi [59] that the financing of buying and selling determines the performance of financing is quite large. Practically and theoretically, buying and selling financing has a reason why this financing scheme becomes popular because the investment period in buying and selling financing is short-term and the financing distribution mechanism is easier. The results of this study support the findings from the scholars [60,61,62]. Analysis using Smart-PLS 3.0 obtained that profit-share financing does not affect the performance of financing, so H5 is rejected. The results of this study support the statements described by Putra and Hasanah [62] that profit-share financing has no significant effect because profit-share financing has relatively high risks so that there is a problem of uncertainty over profits and the onset of agency problems, so there is a tendency for banks to be less interested in channeling their financing. The results of this study support the findings [60,61]. Analysis using Smart-PLS 3.0 obtained that lease financing does not affect the performance of financing, so H6 is rejected. This research is supported by Asih [63] that lease financing is a type of financing that is less interested than another financing. The risk caused by damage to rental goods resulted in the company spending the cost of repairs and allocating funds for depreciation costs. Repair costs and depreciation costs can reduce sharia banking performance. Potential risks for bad financing so that banks must to reserve assets from unpaid capital so that the company's performance will decrease The results of this study support the research done the scholars [63,64].

Analysis that the financing of buying and selling does not affect *zakat*, so H7 is rejected. The results of this study support the research [65] that buying and selling financing tends to be popular financing among the community but does not show a significant influence on zakat. This could be the occurrence of asset hoarding that is not controlled by the company. Other factors affect *zakat* other than buying and selling financing. The source of *zakat* funds in *Sharia* Banks consists of *zakat* in entities (internal *zakat*) and *zakat* funds from outside entities (external *zakat*). The results of this study support research by scholars [65,66]. Profit-share financing affects *zakat* so that H8 is accepted. This research is supported by the scholars [67,25] contributes funds by mutual agreement. Use of *zakat* as an instrument of *Sharia* financing, the government has no difficulty in finding sources of funding and Indonesia can become the center of *Sharia* economic development. This research is in line with the scholars [15,24,67]. Analysis of the line using Smart-PLS 3.0 obtained that lease financing affects zakat, H9 is accepted. This research supports [31] that the lease financing carried out by banks will benefit in the form of rental income. The profits obtained can be used as additional capital to increase investment and accelerate the distribution of funds. That means the company is on a good performance. Good and optimal financing performance conditions can encourage the increase of *zakat*. This research is in line with the findings done by some scholars [31,68].

Analysis the financing risk affects the performance of financing, so that H10 is accepted. The results of this study support the assertion that if the bank has a high level of financing risk (Non-Performing Financing), indicates that the bank's ability to generate revenue will decrease [14]. The high percentage of NPF will interfere with the turnover of working capital for the company, so sharia banking needs to conduct performance evaluations. The future success of Sharia banking depends on the effectiveness of the company in managing risk. This study supports some of the findings of research conducted by the scholars [4,14,42,69,70]. Analysis of the line using Smart-PLS 3.0 obtained that the performance of financing affects *zakat* so that H11 is accepted. The results of this study support the findings [71] that the company's performance seeks to achieve organizational targets effectively by giving *zakat*. The bank's commitment to conducting Corporate Social Responsibility activities in the form of *zakat* can provide an optimal impact on the company and the environment. *Zakat* has a role in moral functions, social functions, and economic functions to reduce inequality and poverty. The results of the study support the research conducted by some scholars [4,15,20,72,73].

5. CONCLUSION

Based on the results of research and discussion in this study, it can be concluded that the hypothesis is accepted and the hypothesis is rejected. The first hypothesis is that buying and selling financing affects financing risk, so H1 is accepted. The second hypothesis is that yield-share financing affects financing risk, so H2 is accepted. The third hypothesis is that *ijarah* (lease) financing affects financing risk, so H3 is accepted. The fourth hypothesis is that trade financing affects financing performance, so H4 is accepted. The fifth hypothesis is that yield-share financing does not affect financing performance, so H5 is rejected. The sixth hypothesis is that *ijarah* (lease) financing does not affect the performance of financing, so H6 is rejected. The seventh hypothesis is that buying and selling financing does not affect *zakat*, so H7 is rejected. The eighth hypothesis is that yield-share financing affects *zakat* so that H8 is accepted. The ninth hypothesis is that the financing of *ijarah* (lease) affects *zakat* so that H9 is accepted. The tenth hypothesis is that financing risk affects financing performance, so H10 is accepted. The eleventh hypothesis is that the performance of financing affects zakat so that H11 is accepted.

Future research advice is to add other variables that can affect the performance of *Sharia* banking such as corporate governance, compliance with sharia principles, capital structure, cash flow, third party funds, and so on. Besides researchers can further add other objects such as Islamic or non-sharia financial institutions because they have undergone significant developments, to expand the research results can use the objects of *Sharia* Business Units, *Sharia* People's Financing Banks, *Sharia* Cooperatives, *Sharia* Insurance. Furthermore, researchers can also examine more about the mandatory regulation of *zakat* companies that have been described in the National *Amil Zakat* Agency Center for Strategic Studies. Mandatory corporate zakat provisions in Indonesia have been regulated in Law No. 23 of 2011. It is recommended to be the foundation of the company to increase the potential of zakat companies.

This research can be used as a government to encourage the welfare of the community through internal Islamic banking *zakat* funds. The Government can also see good opportunities in improving the welfare of the community through *Sharia* banking by synergizing with the Financial Services Authority and Indonesia Bank to make regulations and the direction of public policy and encourage *Sharia* banking to be a solution in improving the welfare of the community. *Sharia* banking as the object of this research seeks to reduce the level of risk, increase the potential performance in each period that is expected to attract investors, and increase the company's internal *zakat* funds.

DISCLAIMER

The products used for this research are commonly and predominantly use products in our area of research and country. There is absolutely no conflict of interest between the authors and producers of the products because we do not intend to use these products as an avenue for any litigation but for the advancement of knowledge. Also, the research was not funded by the producing company rather it was funded by personal efforts of the authors.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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