

## A META-ANALYSIS OF THE DETERMINANT OF THIRD PARTY FUND ON ISLAMIC BANKING IN INDONESIA

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### ABSTRACT

This research attempts to study the determinants of third party funds on the Islamic banking in Indonesia with eight years of research from published journals in Indonesia. To reach the above objectives, investigation to check the relationship between promotion cost, inflation, GDP, interest rate, number of offices, and equivalent rate To third party funds on the Islamic banking in Indonesia is conducted. This research applies the meta-analysis technique to a sample of 34 articles with time variation from 2010-2018. The articles used are selected studies from Sinta Journal and Google Scholar databases. This research shows that promotion cost, number of offices, and equivalent rate have robust a significant correlation with third party funds on the Islamic banking in Indonesia. Meanwhile, inflation, GDP, and interest rate have no significant correlation with third party funds on the Islamic banking in Indonesia. The Findings from this study imply that if Islamic banks in Indonesia wish to enhance their third party fund, they must focus on internal indicators (promotion cost, number of offices, and equivalent rate), rather than looking at macro indicators.

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### INTRODUCTION

The development of Islamic banking is quite rapid, it can be seen that from year to year, it continues to increase. It can be seen in Table 1, the growth of assets, third party funds and financing have increased from year to year. Asset growth from 2016 to 2017 was 67,677 or 19%. In addition, the growth of TPF from 2016 to 2017 was 55,384 or 19.8%, from 2015 to 2016 an increase of 48,160 or 17.2% as well as the previous years. According to this analysis, it can be seen that the increase in TPF growth from year to year is not constant, but TPF growth tends to increase as shown in Table 1.1. In addition to the analysis of TPF growth, there was an increase in financing from

year to year, in 2017 there was an increase of 37,688 or 13.20%. Meanwhile, there was a decline in growth in the office network in 2013-2017. In 2015, the number of office networks decreased by 609 or 20.92% and in 2016-2017 there were also 32 offices or 1.47% decline. This decline occurred in the last 5 years from the end of 2013 to 2017. According to Nelson Tampubolon, the decrease in the number of office networks was due to several banks that wanted to increase efficiency through reducing the number of offices.

Tabel 1  
Development and Growth of Sharia Banking in Indonesia 2012-2018 (in billion Rupiah)

Year	Office Branches	Asset	Trird Party Funds (TPS)	Financing
2012	2663	195.017	147.512	147.505
2013	2990	242.276	183.534	184.122
2014	2910	272.343	217.858	199.330
2015	2301	296.262	231.175	212.996
2016	2201	356.504	279.335	248.007
2017	2169	424.181	334.719	285.695
2018	2229	477.327	371.828	320.193

Source: Financial Services Authority

One of the most important roles in banking is its ability to raise funds from the public. The key to the success of Islamic bank management is very much determined by how the bank can win the hearts of the public and in accordance with its main function, namely as an intermediary institution, funds are the main problem often faced by Islamic banks so that funds become important that must be considered. A bank without adequate funds cannot carry out its business activities properly.

Funds collected from the public are defined as Third Party Funds. Sharia Banking Third Party Funds (Bahasa: DPK) are funds collected from the public through Islamic Bank fund collection products, namely Wadi'ah Giro, Wadi'ah Savings and Mudharabah Deposits. The deposits collected by the bank will be allocated for banking activities that generate income. The allocation of TPF also has several objectives, including achieving the expected level of profitability, a low level of risk and maintaining public confidence by keeping the liquidity position safe. In addition, the growth of Third Party Funds (Bahasa: DPK) is important because the funds obtained by the bank will be channeled to financing customers to develop the real sector in conditions of developing the community's economy. Therefore, the development of a bank is greatly influenced by its ability to raise funds from the public.

The importance of TPF is of course there are factors that can affect third party funds. There are various studies explaining the factors that influence Islamic banking deposits. These factors include: profit sharing rates, promotional costs, inflation, exchange rates, GDP, interest rates and number of offices. It is known that there are various kinds of factors that influence the TPF in Islamic Banking in Indonesia, however, according to previous studies there are differences in results or what is called the

inconsistency of the research. The difference in results can be seen through the significant or insignificance of the factors affecting TPF.

In a study conducted by Mumtazah and Septiarini (2017), it is stated that the inflation factor had a significant negative effect on Islamic banking deposits. In addition, a similar study conducted by Saekhu (2017) entitled *Impact of Macroeconomic Indicators on Islamic Banking Third Party Funds* said that the inflation factor had a significant positive effect on Islamic Banking TPF. Similar inconsistency research conducted by Mutaqiena (2013) entitled *Analysis of the Effect of GDP, Inflation, Interest Rates, and Exchange Rates on Third Party Funds of Islamic Banking in Indonesia (2008-2012)* which stated that the GDP factor had a significant effect on third party funds in sharia banking in Indonesia. While the research by Wulandari (2014) entitled *Analysis of Internal and External Factors Affecting Third Party Funds of Islamic Commercial Banks in Indonesia* said that the GDP factor did not affect the third party funds of Islamic banking in Indonesia. Based on the research statement, there are inconsistencies or differences in research result. Thus, the author wants to conduct a comprehensive study of the factors that influence Islamic banking deposits in Indonesia. The method according to this phenomenon is the meta-analysis because this research aims to find out the consistency of the variables that affect third party funds in Islamic banking in Indonesia.

According to the above background, the problem of this study are 1) Do the promotion cost, inflation, GDP, interest rate, the number of banks' offices, and equivalent rate influence the third party fund of Islamic bank in Indonesia; 2) Are the inconsistent results regarding factors that influence third party fund of Islamic bank in Indonesia caused by various measurement of the dependent variable; 3) Are the inconsistent results regarding factors that influence third party fund of Islamic bank in Indonesia caused by various measurement of the independent variable. The purpose of this study is to investigate the relationship of promotion cost, inflation, GDP, interest rate, the number of banks' offices, and equivalent rate to the third party fund of Islamic banking in Indonesia. This study contributes to the body of literature by comparing the effect of micro-scopic variables (such as promotion cost, equivalent rate, and number of offices) and macro-scopic variables (such as inflation, GDP, and interest rate) on third party fund in Islamic banks in Indonesia. This comparison is important, particularly for Islamic banks on determining their strategy, whether to focus on macroeconomic dynamics or focus on micro-level indicators in order to attract funding from customers.

## LITERATURE REVIEW

### Meta-Analysis

Glass (1976) argues that meta-analysis is an effective statistical technique for summarizing, integrating and re-analyzing several results rather than a set of research results that have the same studied topic. From the collection of several topics, a more significant generalization result is obtained.

According to Hunter et al. (1986), the objectives of the meta-analysis are i) To obtain the estimated effect size. Effect Size in this sense is the strength of the relationship or the magnitude of the difference between variables; ii) To make inference from the data in the sample to the population, in doing this, the researcher uses a hypothesis test (p value) or estimation (confidence value); iii) To control the potential variables as cofounding in order not to disturb the statistical meaning of a relationship or a difference.

Hunter et al. (1986) also describes the method of data analysis techniques in meta-analysis where statistical reports of relevant data are transformed into an effect size. This effect size aims to compare and integrate with the assumption that the value used is statistically independent. Effect size uses the Pearson coefficient (r) for each pair of variables from each study sample. But not all samples use the Pearson coefficient (r) but can use statistical measurements such as the values for t, p, F, the Annova test,  $\chi^2$ , means and standard deviation, and are pooled with subjects variance.

Agustina (2017) analyzed the determinant factor of profitability in Islamic Banking Indonesia and Malaysia as well as found out and discussed the possibility of the same variables in the profitability of Islamic banking in both countries. This study found that the variable with the same result was the inflation. The inflation variable did not have a significant relationship with profitability in Indonesia or in Malaysia. In addition, it also concluded that there were no similarities determinant variables for the profitability of Indonesian and Malaysian banks, which was caused by differences in ratio measurements in each variable. Another meta-analysis research conducted by Natalia (2020) applied meta analysis to analyze the results of inconsistencies between previous studies caused by variations in the measurement of the independent or dependent variables. Meanwhile Handayani (2015), with meta analysis technique, tried to aggregate the findings from several previous studies so that an estimate of the relationships of each variable was obtained.

### Islamic Bank

Islamic bank carries out its business activities based on sharia principles; the agreement based on Islamic law between banks and other parties with the aim of saving funds or financing business activities, or other activities declared in accordance with sharia principles (Ascarya & Yumanita, 2005). In Indonesia, the first Islamic bank established in 1992 was Bank Muamalat Indonesia (BMI). Although its development

has slowed, compared to other Muslim countries, currently Islamic banking in Indonesia will continue to develop (Karim, 2008).

### **Third Party Fund and Its Determinants**

In order to fulfill its operational activity, collecting the funds is carried out by the Islamic bank. These funds come from various sources (Indah, 2017). One of them is originated from public or third party funds (Bahasa: DPK). According to The Republic Indonesia Law Number 10 of 1998 concerning Banking, the public entrusts their funds to the bank based on fund deposit agreement in the form of giros, deposits, and savings.

1. Giros are deposits based on *wadi'ah* or other *akad* that are convenient to withdrawals anytime using cheque, bilyet giro, other payment orders, or transfer.
2. Savings are deposits that can be withdrawn according to certain terms and conditions, yet cannot be withdrawn by cheque, bilyet giro, or other equivalent instruments.
3. Deposits are fund investments based on *mudharabah* or other *akad* that follow sharia principles. Deposits can be withdrawn at certain times according to the *akad* (agreement) between the customer and the Islamic bank.

There are factors that influence the third party fund (Bahasa: DPK), namely sharing profit rate, promotion rate, inflation, GDP, exchange rate, interest rate, the number of banks' offices, and equivalent rate. In the savings term, sharing profit is defined as the profit rate or revenue for each party through a comparison ratio, not in the exact number (Hakim, 2012). Promotion is an activity to inform, persuade, and remind from the seller, regarding a product, in order to obtain buyers' attention. Lestari (2009) and Al-Arif (2010) find that promotion cost significantly affect third party fund placement in Islamic banks.

Inflation is a condition where a high market price occurs, yet the value of currency weakens (Mankiw, 2006). While inflation is an important indicator related to the purchasing power of money, several studies have found insignificant effect of inflation on third party fund (Maulana, 2015; Mumtazah & Septiarini, 2017; Wulandari, 2014).

GDP or gross domestic product is the total income and output of finished goods and services in certain periods. While GDP is one of the most important variables in economy, Wulandari (2014) found that GDP was not significant in affecting third party fund accumulation.

The regulation of Bank Indonesia Number 8 of 2006 defines office channeling as a part of sharia services. It is convenient for the Islamic bank customers due to the collection of the fund can be submitted to the branch office other than the Islamic bank itself; as long as both offices are under the same bank. The purpose of this regulation is related to the number of banks' offices that can provide accessibility and service to

customer. Therefore, branch offices are needed to expand the bank's network, hence more communities are interested in depositing their money. A study by Meyliana and Mulazid (2017) found that increase in number of Islamic banks offices could attract more third party funding.

According to Bank Indonesia, the rate of interest is a monetary policy of interest decreed by Bank Indonesia and then announced to the public. The interest rate is the amount of cost that the borrowers need to pay and a benefit for the lender. Interest rate may be an important variable in macroeconomic and financial market policies, but a study by Piliyanti and Wahyuni (2013) found that this indicator was insignificant for third party fund in Islamic banks. Meanwhile, the equivalent rate is the rate of return on accumulated funds by banks. Also, it can be described as a return on investment that has been made.

This study uses the meta-analysis method, an effective technique to review, integrate, and re-analysis the previous studies of a similar topic (Glass, 1976). The hypotheses of this study are:

- H<sub>1</sub>: Promotion cost influences the third-party fund of Islamic banking in Indonesia;
- H<sub>2</sub>: Inflation influences the third-party fund of Islamic banking in Indonesia;
- H<sub>3</sub>: GDP influences the third-party fund of Islamic banking in Indonesia;
- H<sub>4</sub>: Interest rate influences the third-party fund of Islamic banking in Indonesia;
- H<sub>5</sub>: The number of banks' offices influences the third-party fund of Islamic banking in Indonesia;
- H<sub>6</sub>: Equivalent rate influences the third-party fund of Islamic banking in Indonesia.

## RESEARCH METHODS

A quantitative approach will be applied in this research, using the meta-analysis method. According to Glass (1976), meta-analysis is an effective method to review, interpret, and integrate a study of certain science with a statistic approach; or an analysis method of some analyses. The subject of this study is the banking industry in Indonesia, while the object is the factors that determine the third-party fund of the banking industry in Indonesia during eight periods of time from 2010 to 2018.

### Population and Sample

The population in this study includes published articles in Indonesian journals, listed on Sinta Journal and Google Scholar, namely Jurnal Ekonomi Syariah Teori dan Terapan Unair, *Economica: Jurnal Ekonomi Islam*, Jurnal Ilmiah Mahasiswa FEB UB, EDAJ, Jurnal Perspektif Pembiayaan dan Pembangunan Daerah, Signifikan, JOM FEKON, I-Finance, Al-Iqtishad, Jurnal Ekonomi dan Bisnis Universitas Gunadarma, and E-Journal Umrah. All articles discuss determinants of third party fund in the last eight years from 2010 to 2018. On the other hand, this study concludes 11 samples.

The data used in this study must comply with predetermined criteria so that it can be processed. These criteria include:

1. The object of the study must discuss the case of sharia banking in Indonesia.
2. Each variable must be contained in at least two articles which are the sample of this study.
3. The article must accommodate one of accumulated correlation or r-value ( $\bar{r}$ ); cohen’s D (d), t-values, chi-square, or p-value.

Table 2  
List of Studied Literatures

No	Author	Publisher
1	Mumtazah and Septiarini (2017)	Jurnal Ekonomi Syariah Teori dan Terapan Unair Vol. 3(10)
2	Saekhu (2017)	Economica: Jurnal Ekonomi Islam – Vol 8(1)
3	Wulandari (2014)	Jurnal Ilmiah Mahasiswa FEB UB Vol 2(1)
4	Mutaqiena (2013)	EDAJ Vol 2(3)
5	Prasetya, Tan, and Delis (2015)	Jurnal Perspektif Pembiayaan dan Pembangunan Daerah Vol. 3 (2)
6	Sartika (2013)	Signifikan Vol.2 (2)
7	Ferdiansyah (2015)	JOM FEKON Vol. 2 (1)
8	Susanti (2015)	I-Finance Vol. 1(1)
9	Lestari (2009)	Al-Iqtishad Vol.1 (2)
10	Arif (2010)	Jurnal Ekonomi Bisnis, Univ Gunadarma Vol. 15(3)
11	Maulana (2015)	E-Journal Umrah

Source: Data Processed

### Data Analysis Technique

Hunter et al. (1986) stated that relevant statistical reports in each study would be converted into an effect size for integration and comparison; with the assumption that the values used are statistically independent. Basically, the effect size aims to show how big the relationship between the dependent variable and the independent variable is. The calculation of this process uses the Pearson coefficient for each independent variable from each research sample. The Pearson coefficient value in this study is the correlation between third-party funds in Islamic banking in Indonesia with promotion costs, inflation, GDP, interest rates, number of offices, and equivalent rate.

There are three steps that need to be taken to convert the study statistics (Hunter et al., 1986):

1. Determination of the population of mean correlation (r) in this study can be done through the calculation of the weighted average correlation coefficient ( $\bar{r}$ ) with the sample size ( $N_i$ ) of the total study to be reviewed. The purpose of this process is to determine the direction and magnitude of the relationship between the dependent variable and the independent variable. The mean correlation will be calculated using the formula:

$$\bar{r} = \frac{\sum(N_i r_i)}{\sum N_i} \dots\dots\dots(1)$$

2. Reducing variant observations with the estimation of the variance sampling error is a way to determine the unfamiliarity of population variant estimates. The formula for this process is:

$$S_p^2 = S_r^2 - S_e^2 \dots\dots\dots(2)$$

3. Determining the percentage level confidence or confidence interval with the following formula:

$$[\bar{r} + SpZ_{0.975}] \approx [\bar{r} + Sp(1.96)] \dots \dots \dots (3)$$

4. After knowing the results of the mean correlation ( $\bar{r}$ ) and level confidence, determining the validity of the statistical model using chi-square calculations ( $X^2_{K-1}$ ) will be carried out:

$$X^2_{K-1} = \frac{N s_{\bar{r}}^2}{(1-\bar{r}^2)^2} = K \frac{S_{\bar{r}}^2}{S_e^2} \dots \dots \dots (4)$$

The formula for calculating mean correlation is presented in Table 3:

Table 3  
Formulas and Procedures to Transform Study Statistics to Mean Correlation

Converted Statistics	The Formula for Transforming to r	Notes
<i>t-statistic</i>	$r = \frac{t}{\sqrt{t^2 + df}}$	t = statistics value df = degree of freedom
<i>z-tests</i>	$r = \frac{Z}{\sqrt{N}}$	
<i>p-value</i>	1. Convert the two-tailed to one-tailed 2. See the z-value under normal probability	

## RESULT AND ANALYSIS

### Description of Meta-Reviewed Literatures

There are 11 literatures reviewed in this study with meta-analysis approach. All of them use third party fund variable as their dependent variable. Within the studied literatures, most studies have conflicting view on the effect of independent variables on third party fund in Islamic banks in Indonesia. Regarding the effect of promotion cost on third party fund, two studies find a positive and significant impact (Arif, 2010; Lestari, 2009), while a study by Mumtazah and Septiarini (2017) finds the insignificance of promotion cost in enhancing third party fund. Meanwhile, number of branch offices is found to be positive in enhancing Islamic third party fund (Prasetya et al., 2015), another study cannot find the significance of number of branch offices in enhancing Islamic banks' third party fund. A Similar point is also found in the impact of equivalent rate, with one study mentioning a significant relationship with Islamic banks' third party fund (Susanti, 2015), while another study finds insignificant impact (Prasetya et al., 2015).

The impact of inflation on the third party fund is ambiguous, because there are respective studies for positive (Saekhu, 2017) and negative (Mutaqiena, 2013) significant impact, while two other studies Maulana (2015) and Wulandari (2014) find



an insignificant impact of inflation on third party fund. A Similar case is also found on GDP impact to third party fund, with two studies finding a supportive role for GDP in enhancing Islamic banks' third party fund (Saekhu, 2017; Sartika, 2013). There are also studies that have found a negative impact (Mutaqiena, 2013) as well as an insignificant effect of GDP on Islamic banks' third party fund. Interest rate's effect on Islamic banks' third party is also inconclusive with one study finding a negative and significant effect (Prasetya et al., 2015), while another study finds an insignificant effect (Ferdiansyah, 2015). The following table shows a summary of effect size calculation (r-statistic) of each independent variable.

Table 4  
Summary of Results

Independent variable	r-statistic	confidence interval 95%	conclusion
Promotion Cost	0.222	Between 0.0452 and 0.3989	Significant
Inflation	-0.0178	Between -0.076 and 0.0406	Insignificant
GDP	0.1327	Between -0.2859 and 0.5513	Insignificant
Interest Rate	-0.1749	Between -0.6325 and 0.2739	Insignificant
Number of office	-0.1619	Between -0.2932 and -0.0306	Significant
Equivalent Rate	0.3464	Between 0.2956 and 0.3973	Significant

Source: Data Processed

#### **The Effect of Promotion Cost on Third Party Fund of Islamic Bank in Indonesia**

The test results state that promotion costs have a significant relationship to third party funds in Islamic banking in Indonesia. With a confidence interval of 95 percent, the average value of the correlation ( $\bar{r}$ ) indicates the number of 0.2220 and between the interval of 0.0452 and 0.3989. Based on these findings, the hypothesis ( $H_1$ ) can be accepted; promotion costs affect third party funds.

The results using methods meta-analysis show that there is a positive and significant relationship between promotion costs and third party funds in Islamic banking in Indonesia. This statement is in line with the research of Lestari (2009) and Arif (2010). Thus, promotion costs are one of the factors that can affect Islamic banking third party funds in Indonesia. The same result is also presented by Lestari (2009) and Al-Arif (2010) stating that every bank would want to achieve the target which could be the level of profit. One way to achieve these goals is through marketing activities. Public demand for Islamic products and services in Indonesia show that the marketing mechanism for Islamic banking can provide potential opportunities.

#### **The Effect of Inflation on Third Party Fund of Islamic Bank in Indonesia**

After compiling five studies examining the effect of inflation on Islamic banking third party funds in Indonesia, the meta-analysis does not show any significant results. With a 95 percent confidence interval, the value of correlation ( $\bar{r}$ ) obtained in this variable is -0.0178 which is between -0.0763 and 0.0406. This indicates that there is no influence between inflation and Islamic banking third party funds in Indonesia. Thus,

the existing hypothesis ( $H_2$ ) is accepted and it is stated that robust inflation does not affect third party funds in Islamic banking in Indonesia.

The test processed by the meta-analysis states that the effect of inflation on third party funds is insignificant. This indicates that the size of the inflation rate cannot affect third-party funds. These results are in line with research by Maulana (2015); Mumtazah and Septiarini (2017); and Wulandari (2014) which states that the public does not pay attention to the amount of interest rates offered by banks when saving their funds in banks. The public pays more attention to the services provided by the bank as well as the trust in the bank and the public also pays attention to the characteristics of the bank, including public attention to sharia principles, Islamic products and profit sharing.

### **The Effect of GDP on Third Party Fund of Islamic Bank in Indonesia**

The meta-analysis findings of four studies examining GDP with Islamic banking third party funds in Indonesia show insignificant results. This can be seen from the correlation value ( $\bar{r}$ ) of 0.1327 between the numbers -0.2859 and 0.5513, with a 95 percent confidence interval. Therefore, the existing hypothesis ( $H_3$ ), regarding GDP which affects third party funds of Islamic banking in Indonesia, is rejected.

The research that has been described is in accordance with the research of Wulandari (2014). Through the test results, it can be said that the GDP variable cannot be one of the factors that can affect third party funds in Islamic banking in Indonesia.

### **The Effect of Interest Rate on Third Party Fund of Islamic Bank in Indonesia**

Interest rate variables also experience insignificant results. After processing four articles discussing the relationship between interest rates and third party funds, the results of the general meta-analysis show that there is no influence between interest rates on third party funds in Islamic banking in Indonesia. This can be seen in the correlation ( $\bar{r}$ ) of -0.1749 between the values of -0.6325 and 0.2739, with a 95 percent confidence interval. This figure shows that the interest rate has a negative relationship with third party funds in Islamic banking in Indonesia. Therefore, the hypothesis ( $H_4$ ) can be rejected.

This study provides insight into the insignificant effect of interest rates on third party funds in Islamic banking in Indonesia. According to Awan and Azhar (2014), the rise and fall of the interest rates offered by conventional banking have no effect on Islamic banking deposits due to religious factors which are the reasons for people to save money in Islamic banks. With this, it can be concluded that the interest rate is not one of the factors that can affect third party funds in Islamic banking in Indonesia.

### **The Effect of Banks' Office on Third Party Fund of Islamic Bank in Indonesia**

After analyzing the meta-analysis, two previous studies that have examined the relationship between the number of offices and third party funds in Islamic banking in

Indonesia show that the mean correlation value is -0.1619, between -0.2932 and -0.0306, with a 95 percent confidence interval. These results conclude that the number of offices has a positive and significant effect on third party funds in Islamic banking in Indonesia. Thus, the existing hypothesis ( $H_5$ ) can be accepted.

This study concludes a result suggesting that the number of offices has a significant influence on third party funds in Islamic banking in Indonesia. This is in accordance with a research by Wulandari (2014) stating that the number of sharia banking offices has decreased continuously over a period of 7 years so that it can affect the interest in saving which is also a source of third party funds. Based on the explanation above, the number of offices is said to be a predictor variable in determining third party funds for Islamic banking in Indonesia.

### **The Effect of Equivalent Ratio on Third Party Fund of Islamic Bank in Indonesia**

The Analysis of two studies examining the effect of the equivalent rate on third party funds in Islamic banking in Indonesia shows a significant result. This analysis produces a mean correlation ( $\bar{r}$ ) of 0.3464, with a 95 percent confidence interval, which is between 0.2956 and 0.3973. These findings indicate a significant and positive relationship between the equivalent rate and third party funds in Islamic banking in Indonesia. Therefore, the hypothesis ( $H_6$ ) is accepted.

The equivalent rate variable has a significant and positive effect on third party funds in Islamic banking in Indonesia. This indicates that the equivalent rate will determine and increase customers loyalty in placing their funds in Islamic banking. The statement above is in line with research of Susanti (2015) which explains that the Equivalent rate is an indication of the rate of return of an investment or fund raising by a bank. Equivalent rate can also be defined as the rate of return on investment that has been invested. The equivalent rate can provide an idea of how much the rate of return on investment invested by calculating the bank at the end of each month after the investment has yielded results. So that customers can see how much the bank's equivalent rate last month is to provide an estimate of the equivalent rate in the current month. Based on the description above, this variable consistently affects the third party funds of Islamic banking in Indonesia, so the equivalent rate is one of the factors in determining the third party funds of Islamic banking in Indonesia. Previous explanation shows that there are three variables that significantly and positively affect third party fund in Islamic Banks in Indonesia. They are promotion cost, number of offices, and equivalent rate. Meanwhile, other three variables are insignificant for third party fund, i.e. inflation, GDP, and interest rate. The significant variables are typically micro-scopic indicators that can be directly managed by the Islamic banks, while the insignificant variables are macro-scopic variables which are beyond control of Islamic banks management. Findings from this study imply that for Islamic banks to secure and expand third party fund from customers, they must take carefully their market

penetration through promotion, their outreach through number of offices, and their pricing indicated by equivalent rate.

## CONCLUSION

This study aims to investigate the relationship between promotion cost, inflation, GDP, interest rate, the number of banks' offices, and equivalent rate to the third party fund of Islamic banking in Indonesia using meta-analysis method. This study finds that there are factors that significantly determine the third party fund of Islamic banking in Indonesia. These factors include promotion cost, the number of banks' offices, and the equivalent rate. However, inflation, GDP, and interest rate insignificantly influence third party fund of Islamic bank in Indonesia. This study also concludes that the effect size can affect the relationship between independent and dependent variables, which is the Indonesian Islamic banking's third-party fund. The finding of this study implies that third party fund accumulation in Indonesia's Islamic banks is mainly determined by the banks' internal factors rather than external and macroeconomic factors.

Based on the findings of this study. There are some recommendations given. First, for future academic research, it is necessary to expand the sample size by increasing the number of articles analyzed. This can expand the results of the meta-analysis in determining the factors that affect third party funds in Islamic banking in Indonesia. Second, for practitioners in Islamic banks, they need to consider allocating their funds for promotional activities in order to attract public attention by providing education about Islamic banking. Promotional activities can be carried out by adjusting current technological developments; for example, is the use of social media. In addition, expanding the number of branch offices and arranging a competitive equivalent rate can be considered as a corporate strategy to attract more funding. Lastly, regulators of Islamic banks in Indonesia must become an enabler to support development of Islamic banking industry. Not only by ensuring sound macroeconomic policies, but also by providing easy licensing for new offices opening as well as regulations that support pricing (rate) of Islamic banking products.

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