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Determinants of Sharia Banking Market Share in Indonesia

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Abstract: Market Share Ratio can be used to measure the performance of Islamic Banks which are relatively new in Indonesia. The greater the market share of Islamic banks in Indonesia, the greater their role and function for the national economy. Market share is often used as an indicator by companies to see the existence of strength in the market and how important the company is. This research method uses a quantitative approach with an associative method with a population in the form of data on Financial Statements of Islamic Banking in Indonesia during the period 2018 to 2022. The sampling technique was carried out using purposive sampling. The results showed that by using a significance level of 5 percent, the significance value was < 0.05 (0.000 < 0.05), the CAR, ROA, FDR and NPF variables simultaneously (together) had an effect on the market share of Islamic banks in Indonesia. And each variable Capital Adequacy Ratio (CAR), Variable Return On Assets (ROA), Financing to Deposit Ratio (FDR), Non Performing Financing (NPF) partially has a significant positive effect on the Market Share of Islamic Banks in Indonesia.

Keywords: CAR; ROA; FDR; NPF; market share

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INTRODUCTION

The development of the Islamic economy is one of the rapid accelerations in a new era in the world of the economy in Indonesia. This development was marked by the birth of Islamic financial institutions, especially Islamic banking. This shows the great enthusiasm of the Indonesian economic community, which is thirsty for changes in the banking industry. The governor of Bank Indonesia stated that in Indonesia, 80% of assets owned by the financial sector are still owned by the banking industry. Thus, banks have a market share of 80% of the entire financial system in Indonesia. Therefore, banks are expected to be able to consistently maintain public trust to expand market share and increase company profitability (Adelia et al., 2018).

The economy in Indonesia is very dependent on banks because banks offer credit services and other financial services that serve business needs for all sectors of the economy. Besides that, banks also provide payment systems for all sectors of the economy. Banks are also a safe place to store funds for companies. Government-owned and private companies. The increasing need for bank services has encouraged the emergence of various

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types of banks, one of which is an Islamic bank (Nurdiwaty & Faisol, 2017). Islamic banking is one of the banking developments that contribute to national banking (Aminah et al., 2019)

Islamic banking always adheres to the principle of profit sharing (*Mudharabah*). It does not apply an exciting system in obtaining income, loans, and use of funds because they contain elements of usury, and usury in Islamic law is forbidden (Suhendro, 2018). *Riba* in language means growing and growing, multiplying. Meanwhile, in terms of usury, additional taking of principal assets or capital is vanity (Anshori, 2009). The profit-sharing system (*Mudharabah*) that Islamic banking applies to customers in terms of providing direct monitoring of Islamic banking performance provides value transparently to customers.

The market Share Ratio can be used to measure the performance of Islamic Banks, which are relatively new in Indonesia. The greater the market share of Islamic banks in Indonesia, the greater their role and function in the national economy. Market share is often used as an indicator by companies to see the strength in the market and how important the company is. The company's success can also be seen from the large market share.

Banks are said to be healthy or not, can be measured through banking financial performance in financial reports. BI circular letter No. 9/24DPbs states that assessing a bank's soundness level is influenced by the Capital, Asset Quality, Management, Earning, and Liquidity (CAMEL) factors. Capital aspects include Minimum Capital Adequacy Ratio (KPMM) or Capital Adequacy Ratio (CAR), Assets aspects include Non-Performing Finance (NPF), Earning parts include Return On equity (ROE), Return on Assets (ROA), Operational Efficiency Ratio (BOPO), and liquidity aspects include the Finance To Deposit Ratio (FDR) (Noor Rohman & Karsinah, 2018).

Islamic banking financial performance indicators, namely CAR, ROA, FDR, and NPF for the period 2015 – 2020, based on data from the Financial Services Authority, can be explained in the table below:

Table 1: Market Share and Sharia Banking Financial Ratios

No	Year	CAR	ROA	FDR	NPF	Market Shares
1	2016	16.63%	0.63%	85.99%	4.42%	5.33%
2	2017	17.91%	0.63%	79.61%	4.76%	5.57%
3	2018	20.39%	1.28%	78.53%	3.26%	5.96%
4	2019	20.59%	1.73%	77.91%	3.23%	6.13%
5	2020	21.64%	1.54%	82.40%	1.70%	6.51%
6	2021	24.97%	1.97%	81.52%	3.06%	6.52%

Source: Sharia Banking Statistics (Data processed)

The data above shows that the market share of Islamic banking in Indonesia continues to increase yearly, although it still needs to be significant. This shows a positive indication of progress in achieving the development vision set by Bank Indonesia. Several symptoms, including CAR, ROA, FDR, and NPF, influence market share movement in this context. The column of financial ratios, As can be seen above, fluctuates every year. For the people of Indonesia, the effort to realize an Islamic bank must be supported by all the people and

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the government, not just the Islamic bank itself, because the success of Islamic banking depends on many parties. However, the prospects for Islamic banking will face various obstacles. There are still deficiencies that must be corrected.

The issue that Islamic banking is currently dealing with is how tough it is to penetrate the market share, which is very substantial for the Islamic banking sector. It resembles moving in situ. As a result, Bank Indonesia has long sought to achieve a market share of 5% of all national banking assets, which is implementing the blueprint for developing Indonesian Islamic banking. However, based on the Indonesian Islamic banking industry's young banker community, Young Islamic Bankers (YIB) released the Islamic Banking Outlook for 2022. YIB's Outlook highlights the market share of Islamic banking, which has been considered stuck at 6.5% for the last two years. According to YIB, there needs to be more understanding of Islamic banking stakeholders in viewing this market share. Many parties are concerned with market share but have never understood that one of the main influences is because many Islamic banks still have a small portion of assets to their parent (Nisaputra, 2022).

Deputy Main Director 2 of PT Bank Syariah Indonesia (BSI) Abdullah Firman Wibowo said that the growth in market share for Islamic banking was only 6.4%, even though Indonesia has the largest Muslim population in the world, with a share of 87% of the total population. If you look at the nominal market share of sharia banking in March 2021, it was only IDR 605 trillion, much smaller than conventional banks' market share, which reached IDR 9,448 trillion. According to him, the low market share of Islamic banks compared to conventional banks is due to the low level of public understanding of the concept of sharia and limited branch offices. (Kumparan Bisnis, 2021).

Many parties (both from the government, practitioners, researchers, and academics of Islamic banking) are concerned about the inability of Indonesian Islamic banking to meet the high expectations of society, given the enormous potential market share of Indonesia. This is a burden because the development of its market share does not match the ten successes of this industry. Market share is an indicator in determining the excellent value of the company in reaching the market against its competitors (Adenan et al., 2021). This symptom prompted the writer to conduct research entitled "Determinants of Market Share of Islamic Banking in Indonesia."

LITERATURE REVIEW

Market Share

Market Shares are the percentage of the total market for a product or service category selected and controlled by one or more specific products or services issued by a company of the same type (Gunara, 2007). Understanding market share can help managers evaluate primary demand and market selection. This means that understanding market share also enables managers to assess total market growth or decline and trends in consumer selection among competitors. A small market share indicates a company that is unable to face competition (Maknuun et al., 2021).

Market share is also helpful for measuring a change in sales revenue, which is useful for assisting managers in evaluating the primary demand in their market. Utilization of this market share can only be used as the primary basis for measuring the performance of

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companies currently competing to help build a system for making and formulating policies based on careful consideration regarding the effect of each policy on the market share of its competitors.

Market share is the portion of the whole national banking sector's market space that Islamic banking controls. Thus, the following formula can be used to determine Islamic banking's market share in Indonesia:

$$\text{Market Share} = \frac{\textbf{Total Assets of Sharia Banking}}{\textbf{Total National Banking Assets}} \text{ x } 100\%$$

When considered from the asset side, Islamic banking is already progressing in the correct direction, even though its market share has not yet reached the level that many parties had hoped it would.

Sharia Banking Financial Performance

Financial performance is a description of the company's financial status. Through financial analysis we can understand the company's financial status and reflect the work effort in a certain period (Imanuel et al., 2016). Provisions for assessing the soundness level of a bank are used as material for determining and setting the direction for fostering and developing banks so that banks can be managed to become proper and healthy banks to continue to grow in the banking world. (Lubis, 2013).

Financial ratios are numbers from comparing a financial report item with other items with relevant and significant relationships (Harahap, 2002). The results of financial ratios are beneficial for the development of the company's policies and considerations of outsiders, for example, banks, in providing financing facilities. The use of financial ratios will explain and give an overview of the merits of the company's condition and financial position, especially when the ratio figures are compared with comparison figures used as industry standards.

The study will use three bank financial ratios: the solvency ratio, profitability, liquidity, and non-performing financing ratios. This ratio is based on its relevance to the bank's financial performance level. In addition, these ratios are also used as benchmarks published by each bank as a reference in assessing its financial performance (Piliang & Wakil, 2008). These financial ratios include the following:

1. Capital Adequacy Ratio (CAR)

The capital ratio known as the capital adequacy ratio (CAR) is determined by how it relates to the bank's level of risk (Sindi Ali et al., 2022). The CAR ratio can account for how much of all risky bank assets (loans, investments, securities, and claims at other banks) are funded by the bank's capital funds in addition to getting money from sources outside the bank, like the public, loans (debt), and other sources. In other words, CAR is a performance ratio used by banks to assess how much capital they have available to support assets like loans that carry or produce risk.

Bank Indonesia Regulation Number 10/15/PBI/2008 states that banks must have a minimum amount of capital equal to 8% of their risk-weighted assets (RWA). The formula for the CAR ratio is as follows:

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CAR = Bank Capital RWA x 100%

The bank is better able to withstand the risk of risky credit/productive assets the higher the CAR. In other words, the CAR will ensure that the bank may grant credit or financing. If CAR is above 8%, it is considered healthy; if it is below 8%, it is considered harmful.

H_1: CAR influences Market Share

2. Return On Assets (ROA)

The ratio of profit after taxes to total assets is known as return on assets (ROA) (Chitra Yuliashri Katili & Rifadli D. Kadir, 2021). The ROA ratio gauges a bank's capacity to make money in relation to all of its assets. This ratio evaluates a company's capacity to produce net income under specific conditions of support. Return on Assets is a ratio that assesses a company's capacity to make money utilizing its total assets (wealth), after costs have been taken into account. Because Bank Indonesia prioritizes the value of a bank's profitability as defined by assets whose finances are predominantly from public deposits, ROA is employed to determine bank profitability.

Therefore, a bank's ROA indicates how profitable it is, how well it is performing, and where it stands in the market in terms of market share (Saputra, 2016). Profit before taxes and total assets can be compared to calculate return on assets (ROA). If the ROA value is greater than 5% and less than 5%, it is considered unhealthy. Consequently, ROA can be expressed as follows:

ROA = Profit before tax/Total assets x 100%

H_2: ROA influences Market Share

3. Financing to Deposit Ratio (FDR)

The Financing to Deposit Ratio (FDR) measures the liquidity of banks. By comparing the total Financing disbursed to the total finances contributed by the public, this variable is measured (Ludiman & Mutmainah, 2020). One of the bank's liquidity ratios with a relatively long term is FDR. The more financing that is disbursed also rises as FDR rises. Conversely, as FDR declines, so will the amount of financing used. The FDR calculation formula is as follows:

FDR = Amount of Financing disbursed / Funds received by the bank x 100%

H_3: FDR influences Market Share

4. Non-Performing Finance (NPF)

One of an Islamic bank's performance appraisal tools, Non-Performing Financing (NPF), is an interpretation of the evaluation of earning assets, particularly in the evaluation of non-performing Financing. Due to its erratic and uncertain nature, nonperforming financing requires vigilance. The risk of financing failure is assessed using the NPF ratio. The non-performing financing (NPF) ratio measures how much of the total financing disbursed meets the criteria for substandard, dubious, and loss financing. Financing classified as special mention, substandard, questionable, or loss is referred to as NPF gross under Bank Indonesia Regulation Number 6/10/PBI/2004, while Financing labeled as illiterate, suspicious, or loss is referred to as net NPF. The bank makes less money the higher the NPF. (Kadir et al., 2022).

H_4: NPF influences Market Share

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METHOD

This study uses a quantitative approach with associative methods. The population in this study is data on financial statements of sharia banking in Indonesia from 2018 to 2022. The sampling technique was carried out by using purposive sampling, with special considerations to be sampled. (Sugiyono, 2016).

The data analysis technique used in this study is quantitative analysis expressed in numbers and statistical methods. The calculation is assisted by the statistical data processing program SPSS version 26 for Windows to see if there is an effect of several independent variables on the dependent variable with the following model:

$MS = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$

Information:

MS = Market share sharia banking in Indonesia
β_0 = Constant value
$\beta_1, \beta_2, \beta_3, \beta_4$ = regression direction coefficients
X_1 = Capital Adequacy Ratio (CAR)
X_2 = Return on Assets (ROA)
X_3 = Financing Deposit to Ratio (FDR).
X_4 = Non-Performing Financing (NPF)
ε = Error Coefficient

RESULTS

Normality Test

According to Ghozali, the normality test tests a regression model to determine whether the independent and dependent variables have a standard or abnormal data distribution. (Ghozali, 2016). One-Sample Kolmogorov - Smirnov test can be used to perform a normality test, provided that the resulting significant value is below or above 5% or 0.05, then the data can be said to have a good distribution normal. Vice versa if the resulting significant value is below 5% or. The results of the data normality test using the Kolmogorov One Sample in this study can be described as follows :

Table 2: Normality Test Results, One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		60
Normal Parameters[a.b]	Mean	.0000000
	Std. Deviation	.00298126
	Absolute	.087
	Positive	.063
	Negative	-.087
Test Statistic		.087
Asymp. Sig. (2-tailed)		.200[c.d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the trues significance.

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Based on table 2 above, the data in this study were usually distributed. This is evidenced by the results of statistical tests using the one-sample Kolmogorov - Smirnov test, where the data tested shows a significance value above α = 0.050, equal to 0.200 so that it can proceed to further testing.

Multicollinearity Test

According to Ghozali (2016), finding the existence of a correlation between independent and independent variables is the goal of multicollinearity testing. You can tell whether multicollinearity exists in the regression model by looking at the results of the tolerance value and the variance inflation factor (VIF) value. There is no multicollinearity if the result is a tolerance value > 0.10 and a VIF value 10.00, and vice versa if the result is a tolerance value of 10.00.

Table 3: Multicollinearity Test

Coefficients[a]								
		Unstandardized Coefficients		Standardized Coefficients				
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	10.125	.012		849.741	.000		
	CAR	.121	.000	.575	297.038	.000	.282	3.548
	ROA	.203	.003	.157	79.143	.000	.268	3.726
	FDR	-.071	.000	-.617	-426.228	.000	.505	1.981
	NPF	-.400	.001	-.650	-615.166	.000	.947	1.057

a. Dependent Variable: Market Share

Based on table 3 above, it can be deduced that there are no signs of multicollinearity between independent (independent) variables in the model because every independent variable in this study has a tolerance value more than 0.100 and a VIF lower than 10.00. Regression in this investigation.

Heteroscedasticity Test

Ghozali (2016) stated that the heteroscedasticity test was carried out to see whether there were variance differences between the residual and other observations. The results of this heteroscedasticity test show that there is no heteroscedasticity if the rank Spearman correlation coefficient between each independent variable and the confounding variable has a probability yield value (sig) > 0.05.

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Table 4: Heteroscedasticity Test

Correlations

			CAR	ROA	FDR	NPF	Unstandardized Residual
Spearman's rho	CAR	Correlation Coefficient	1.000	.737**	.337**	-.391**	-.022
		Sig.(2-tailed)	.	.000	.008	.002	.868
		N	60	60	60	60	60
	ROA	Correlation Coefficient	.737**	1.000	-.311*	-.009	-.018
		Sig.(2-tailed)	.000	.	.016	.944	.893
		N	60	60	60	60	60
	FDR	Correlation Coefficient	.337**	-.311*	1.000	-.414**	-.062
		Sig.(2-tailed)	.008	.016	.	.001	.640
		N	60	60	60	60	60
	NPF	Correlation Coefficient	-.391**	-.009	-.414**	1.000	.036
		Sig.(2-tailed)	.002	.944	.001	.	.785
		N	60	60	60	60	60
	Unstandardized Residual	Correlation Coefficient	-.022	-.018	-.062	.036	1.000
		Sig.(2-tailed)	.868	.893	.640	.785	.
		N	60	60	60	60	60

**. Correlation is Significant at the 0.01 level (2-tailed).

*. Correlation is Significant at the 0.05 level (2-tailed).

Based on table 4 above, it is known that the results of the heteroscedasticity test conducted using Rank Spearman show that all independent variables (free) in this study have significant or sig. (2-tailed) is more excellent than 0.050, so it can be concluded that the regression model does not contain heteroscedasticity inside.

Autocorrelation Test

The autocorrelation test was carried out to determine whether there is a good relationship in a linear regression model without autocorrelation. Can be seen in the table below:

Table 5: Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	1.000[a]	1.000	1.000	.00309	2.983

a. Predictors: (Constant), NPF, CAR, FDR, ROA

b. Dependent Variable: Market Share

Based on the table above obtained, a DW value of 2.983. According to Durbin Watson, a safe value must be between 1 and 3, namely 1 < DW < 3. So the value obtained is 1 < 2.983 < 3, so it can be concluded that there is no autocorrelation.

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Partial Coefficient Test (t-test)

Table 6: Partial Coefficient Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	10.125	.012		849.741	.000
	CAR	.121	.000	.575	297.038	.000
	ROA	.203	.003	.157	79.143	.000
	FDR	-.071	.000	-.617	-426.228	.000
	NPF	-.400	.001	-.650	-615.166	.000

Based on the table above, the regression equation is obtained as follows:

MS = 1 0 .125 + 1 .21 CAR + 0.20 3 ROA – 0.71 FDR – 0.400 NPF

1. Effect of CAR on Market Share

The table above shows that the Capital Adequacy Ratio (CAR) variable has a significance value of 0.0 00, which is smaller than the probability of 0.050. Thus, H1, or the hypothesis that CAR has a partially significant effect on market share, is accepted.

2. Effect of ROA on Market Share

The table above shows that the variable Return On Assets (ROA) has a significance value of 0.000 which is smaller than the probability of 0.050. Thus, H2, or the hypothesis that ROA has a partially significant effect on market share, is accepted.

3. Effect of FDR on Market Share

The table above shows that the variable Financing to Deposit Ratio (FDR) has a significance value of 0.000 which is smaller than the probability of 0.050. Thus, H3, or the hypothesis that FDR has a partially significant effect on market share, is accepted.

4. The Effect of NPF on Market Share

The table above shows that the variable Non-Performing Financing (NPF) has a significance value of 0.000 which is smaller than the probability of 0.050. Thus, H4, or the hypothesis which states that NPF has a partially significant effect on market share is accepted.

Simultaneous Test (Test F)

The F test determines the effect of all dependent variables on the independent variables. with a significance level of 0.05 after the F count is obtained. Can be seen in the table below:

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Table 7: Simultaneous Test (Test F)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.017	4	2.254	236433.177	.000[b]
	Residual	.001	55	.000		
	Total	9.017	59			

a. Dependent Variable: Market Share
b. Predictors: (Constant), NPF, CAR, FDR, ROA

Table 7 above shows that the simultaneous test (ANOVA) of CAR, ROA, FDR, and NPF used a significance level of 5 percent. Significance value < 0.05 (0.000 < 0.05), Thus, it can be interpreted that all independent variables (CAR, ROA, FDR, and NPF) are feasible in this study which simultaneously or jointly affects the dependent variable (market share).

Determinant Coefficient Test (R Square)

The coefficient of determination (R2) is used to determine the extent to which the model can explain the dependent variable's variance between X1, X2, X3, and X4 on variable Y.

Table 8: Determinant Coefficient Test (R Square)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate
1	1.000[a]	1.000	1.000	.00309

a. Predictors: (Constant), NPF, CAR, FDR, ROA

Based on table 6 above, the value of Adjusted R square is 1 000. This shows the percentage of the CAR, ROA, FDR, and NPF variables to a market share of 100 percent.

DISCUSSION

Simultaneous influence of CAR, ROA, NPF, and FDR on the market share of Islamic banking in Indonesia

The results of the research based on the F test showed that all the X variables in this study simultaneously (together) significantly influence the market share of Islamic banks in Indonesia. Thus, this study accepts the first hypothesis (H1), which states that CAR, ROA, FDR, and NPF simultaneously (together) have a significant effect on the market share of Islamic banks in Indonesia. This is evidenced by the results of the Simultaneous F hypothesis test with a significance value of 0.000, which is smaller than the value of α = 0.050. These results are supported by previous studies, including ROA, NPF, and FDR jointly affecting market share in research by Purboastuti et al.(Purboastuti et al., 2015). Rahman's research also found that NPF, BOPO, and CAR together affected market share (Rahman, 2016). His research also states that ROA, NPF, FDR, and BOPO simultaneously affect market share (Fuadah & Hakimi, 2020).

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The influence of CAR partially on the market share of Islamic banking in Indonesia

The variable Capital Adequacy Ratio (CAR) has a significance value of 0.000 which is smaller than the probability of 0.050. Thus, individually (partially), the CAR ratio significantly affects market share. Based on these results, this study rejects H0, which states that CAR partly has no significant effect on the market share of Islamic banking in Indonesia, and the regression coefficient value obtained by CAR is 0.121 or has a positive direction (unidirectional). The test results in this study show that CAR partially has a significant positive effect on the market share of Islamic banks in Indonesia. The higher the CAR ratio owned by an Islamic bank, the higher the market share will be.

The results of this study are supported by Saputra's statement (2016) in Ludiman & Mutmainah (2020), which states that a high CAR ratio can provide consumer protection, automatically increasing public trust in banks that it will have a higher level of market share. The results of this research are also in line with previous research conducted by Rahman (2016), which stated that CAR had a positive effect on Islamic banking market share, as well as research by Taufiqoh (2020), which noted that the results of the t-test showed that the Capital Adequacy Ratio (CAR) variable affected positive and significant to market share (Taufiqoh, 2020).

The partial effect of ROA on the market share of Islamic banking in Indonesia

On Assets (ROA) variable has a significant value or sig. It is $0.000 < \alpha = 0.050$, and the regression coefficient value obtained for ROA is 0.203 and has a positive direction, so it can be interpreted individually (partially) that the ROA ratio has a significant effect on market share. Thus, it can be concluded that the test results in this study show that ROA partially has a significant positive effect on the market share of Islamic banks in Indonesia. In addition, this research is in line with previous research conducted by Maula (2018) and Al Arif and Rahmawati (2018), which stated that ROA significantly negatively affects market share. However, this does not support the results of research conducted by Ludiman & Mutmainah (2020), which says that ROA has a positive effect on market share, and Adelia, et al (2018), which states that ROA has no impact on the market share.

The effect of FDR partially on the market share of Islamic banking in Indonesia

The Financing to Deposit Ratio (FDR) variable has a significant value of as much as $0.018 < \alpha = 0.050$. It can be interpreted that the FDR ratio significantly affects market share. Based on these results, this study rejects $H_{0,}$ which states that FDR partially has no significant effect on the market share of Islamic banking in Indonesia, and the regression coefficient value obtained by FDR is -0.071 or has a negative direction. Thus, it can be concluded that the test results in this study show that partially FDR has a significant effect on the market share of Islamic banks in Indonesia. The higher the FDR ratio owned by an Islamic bank, the lower the market share will be. The results of this research are in line with previous research conducted by Ningrum (2017) and Maula (2018) (Maula, 2018), which states that the FDR ratio has a significant adverse effect on the market share of Islamic banking. However, this does not support the research conducted by Ludiman & Mutmainah (2020), which states that the FDR ratio does not affect the market share of Islamic banking,

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and Harjito et al (2017), which says that FDR has a significant positive effect on the market share of Islamic banking.

The influence of NPF partially on the market share of Islamic banking in Indonesia

Non-Performing Financing (NPF) variable has a significant value or sig. By 0.019 < α = 0.050, it can be interpreted individually (partially) that the NPF ratio significantly affects market share. Based on these results, this study rejects H0, which states that NPF partly has a significant effect on the market share of Islamic banking in Indonesia, and the regression coefficient value obtained by NPF is -0.400 or has a negative (opposite) direction. Thus, it can be concluded that the test results in this study show that NPF partially has a significant adverse effect on the market share of Islamic banks in Indonesia. The higher the NPF ratio owned by an Islamic bank, the lower the market share level. These findings are supported by the statement of Purboastuti et al. (2015) that the higher the NPF, the bank's income will decrease; this can also cause a decrease in the level of market share of Islamic banks. This is because the greater the number of problem financing, the more money that cannot be rotated, it will prevent Islamic banks from getting profits from channeled Financing, and it will hurt the market share of Islamic banks. In addition, the results of this research are in line with previous research conducted by Rahman (2016), Siregar (2017), and Sandy (2017), which stated that the NPF hurts the market share of Islamic banking. However, it does not support the results of research conducted by Adelia et al. (2018), which stated that NPF had a positive effect on Islamic banking market share, and Ningrum (2017) and Maula (2018), which said that NPF had no impact on Islamic banking market share.

CONCLUSION

Based on the test results obtained in this study, the Capital Adequacy Ratio (CAR) variable partially has a significant positive effect on the Market Share of Islamic Banks in Indonesia. The higher the CAR ratio owned by an Islamic bank, the higher the market share. The Return on Assets (ROA) variable partially has a significant positive effect on Indonesia's Market Share of Islamic Banks. That is, the greater the ROA of a bank, the better its market share. If a bank's profitability significantly increases, people will want to entrust their funds to that bank because the community will take into account the profit sharing that might be obtained. The Financing to Deposit Ratio (FDR) variable partially has a significant adverse effect on the Market Share of Islamic Banks in Indonesia. The higher the FDR, the higher the market share, assuming the bank distributes its funds for adequate Financing. If the channeling of funds in the form of Financing at a bank is wrong, then the public will be reluctant to place their funds in Islamic banks, weakening the market share of Islamic banks. Non-Performing Financing (NPF) variables partially have a significant adverse effect on the Market Share of Islamic Banks in Indonesia. That is, the lower the NPF value, the smoother the provision of Financing or money circulation that occurs in Islamic banks. CAR, ROA, FDR, and NPF variables simultaneously (together) influence the market share of Islamic banks in Indonesia.

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Limitation

This study is inseparable from several limitations, including the sample only focusing on the Islamic banking industry, which impacts the results of this study and cannot be used to determine market share in other sectors. The only variables used are CAR, ROA, FDR, and NPF, while there are several other variables that have an impact on market share. The number of research periods conducted is only five years.

Based on the above limitations, further researchers should add other variables outside this study that might also affect the market share of Islamic banks, extend the observation period or increase the research sample to produce a more detailed analysis. Islamic banks will better manage their NPF because NPF has a negative direction of influence where the higher the NPF, the lower the market share, and the higher the NPF will also impact other ratios such as ROA. After all, it hinders Islamic banks from making profits. FDR was caused by the high level of problem financing that hindered banks from paying their obligations (profit sharing) to investor customers. In addition, Islamic banks are expected to be able to handle high operational costs so that the utilization of the income generated will be more efficient. The public/customers are expected to understand the Islamic banking industry better and actively participate in developing Islamic banking systems and products to increase their competitiveness against conventional banking.

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