Antecedent financial performance of Baitul Mal wat Tamwil (BMT): Study in BMT Binama Semarang

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Abstract

Purpose - BMT is established as an Islamic micro-finance which gives the loans to the middle-low society. A good financial performance describes a good BMT condition to distribute their own loans. This research is a case study of BMT Binama Semarang City during 2009-2013.

Method - The kind of data used are secondary data, monthly financial reports for balance statement, profit and loss, and collectability. The instrument of financial performance was measured based on stable, stable–enough, less-stable, and unstable quality using the variables of capitalizing structure, productive asset quality, liquidity, cost efficiency, capitalizing efficiency, economic rentability, and self-capital rentability. The data were analyzed by using multiple linear regression analyses.

Result - The research found that financial performance of BMT in 5 years was stable-enough, caused by losing condition on 2010. The result of multiple linear regression showed that there were only two independent variables which had significant affect, they are: cost efficiency and economic rentability. Economic rentability gives more significant role in financial performance of BMT.

Implication - The results showed that the financial performance of BMT Binama Semarang City was quite healthy. This quite healthy condition can be raised to be healthy through efforts to focus improvements on variables that show low scoring, namely cost efficiency and economic profitability.

Originality - This study focuses on the financial performance of BMT Binama Semarang City.

Keywords: cost efficiency; economic rentability; financial performance of BMT

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Introduction

Micro business was a major concern for President Susilo Bambang Yudhoyono by launching 2005 as the Year of Indonesian Micro-Finance. Microfinance businesses are attractive not only as a recovery of economic inequality, but also as an initial step to rebuild Indonesia's economy. The Ministry of Cooperatives and SMEs in collaboration with BPS (2002) released the development of the number of micro-businesses that showed conditions continue to increase. Although the facts on the ground have positive results, the source of capital is often a problem. The existence of both conventional and sharia banking financial institutions is considered to be unable to reach the lower classes of society. The loan interest set makes the spirit of entrepreneurship reluctant to be implemented. The complaint is certainly contrary to the basic concept of Islamic economics as a driver of the benefit of the people. Relying on loan from loan sharks may be the choice of the lower class, if the role of the bank has not been able to answer their needs. In order to bridge these needs, a sharia-based savings and loan institution was formed called Baitul Mal wat Tamwil (BMT).

The terminology of the Small Business Business Incubation Center (PINBUK) defines BMT as a supporting institution to improve the quality of the economic business of micro entrepreneurs based on sharia principles. Conceptually, BMT has two functions, namely: (1) Baitul Maal or "treasure house" with social functions as a charity fund collector and carrier, and (2) Baitul Tamwil or "property development house" as a charity fund management to improve the economy of small and medium-sized businesses aiming for profit.

BMT with its sharia strategy is intended to reach and serve more business units that are not possible to be reached by financial institutions and general banking. The sharia pattern applied by BMT is not just the relationship between financial institutions and their customers, but tends to invite their partners to cooperate with sharing risks, including providing assistance in advancing business. The BMT strategy is expected to be a potential forum for

the development of new entrepreneurial seeds, as well as a way out to overcome the growing number of unemployed people.

The presence and development of BMTs does not merely replace banks, but also performs various functions that Islamic banks cannot carry out properly. In addition to the question of the many unbankable micro-businesses, BMT has managed to accommodate local culture in its operational aspects. The characteristics and identity of the local community are generally reflected in the dynamics of BMT that exist in the region.

The development of BMT then gained additional momentum due to the economic crisis of 1997-1998, where BMT was used by customers who had difficulties in banking consolidation. Overall, BMTs then grow multiply and fantastically. Millions of people can be served by thousands of BMTs with office networks and business networks. Tens of thousands of BMT activists can directly live, work and struggle, in the BMT movement. Hundreds of thousands of productive businesses, mostly micro-sized can be helped to grow or at least sustain themselves. Hundreds of thousands of other people have been successfully helped from an emergency in fulfilling vital life needs. Today, it can be said that the wider community knows enough about the existence of BMT.

In the early 1990s, around 60 BMT units grew and developed. Management is seriously carried out, until some of them still exist today. This fact shows BMT's capability in managing its finances so as not to go bankrupt. These BMTs include BMT Tamzis, Wonosobo (1992), BMT Binama, Semarang (1992), BMT Bina Umat Sejahtera, Rembang (1995), BMT Marhamah, Wonosobo (1995), BMT Ben Taqwa, Purwodadi (1996), BMT At Taqwa, Pemalang (1996), and Marsalah Mursalah lil Ummah, Pasuruan (1997). The development of BMT in Central Java was marked by the establishment of a Central Java BMT forum called Puskopsyah BMT Central Java. Puskopsyah stands for *Pusat Koperasi Syariah* (Sharia Cooperative Center). Until now, 126 BMT units have been incorporated, 15 of which are BMTs located in Semarang.

Another important milestone that strengthened the BMT movement was the establishment of the Small Business Business Incubation Center (PINBUK) in 1995 by the General Chair of the MUI, General Chair of ICMI and Managing Director of Bank Muamalat Indonesia. PINBUK has widely introduced and popularized the term BMT. PINBUK also actively promotes the establishment of BMT in various regions, accompanied by initial technical assistance for its operationalization; holding scientific forums, publishing technical manuals, conducting training, developing collaborative networks, and so on that make it easy for the community to establish and manage BMT well and not escape PINBUK's attention. There are even a number of sharia microfinance institutions that have been operating previously which were transformed into BMTs.

Accurate statistics about BMTs are not yet available and cannot be fully verified at this time. PINBUK once stated data that until mid-2006, there were around 3,200 BMTs operating in Indonesia. PINBUK also estimates that the total BMT assets calculated have reached Rp 1.5 trillion in 2005 and Rp 2 trillion in 2006. The members served range from 3 million people.

Based on data from the Indonesian BMT Association, completed with an examination of the PINBUK data, as well as Ministry of Cooperative's data, and several separate studies, it is estimated that there were around 3,900 BMTs operating until the end of 2010. Some BMTs that were previously in the PINBUK list were no longer active, but many new ones have sprung up. The total assets managed reach a value of Rp 5 trillion, customers served by around 3.5 million people, and the number of managing workers is around 20,000 people.

BMT has, in fact, developed into one of the important microfinance institutions in Indonesia, both in terms of financial performance and the number of people it can serve. All the advantages that are usually possessed by microfinance institutions are also the character of BMT, one of which is more resistant to economic shocks due to Indonesia's external factors.

The prospects for the micro-finance community in the future will be more likely to require BMT financing. A correlation also occurs: when BMT's financial performance shows a positive condition, the ability to finance society also increases. A healthy BMT financial performance is not only in the micro scope. From a macro perspective, BMTs must be able to mobilize public funds to be allocated to various economic sectors and to all areas in need quickly and precisely. In terms of micro, BMT must be able to work efficiently which demands professionalism in carrying out its operational activities.

The success of BMT is influenced by many aspects according to research conducted by Nadratuzzaman and Syukriyah (2012). These aspects include BMT's ability to manage finances, characteristics of customer financing, ability to manage risk, familiarity between the customers and the BMT management team, as well as the availability of computerized technology and networking.

Research on the problems faced by BMT in its operations was carried out by Hamzah, et al. (2013). The results of this study indicate that internal factors are caused by a lack of quality human resources, while external factors are caused by the absence of specific regulations from the government on BMT.

In addition to managerial aspects, BMT's financial health conditions can be assessed through financial performance that is applied through the balance sheet and income statement which is generally a calculation of financial ratios. Analyzing the health of financial performance through financial statements means exploring more information contained in a financial report.

Health research on BMT financial performance has been carried out by Indrawati (2008). He mentioned that there are several variables that affect the financial performance of BMT, namely: capital structure, productive asset quality, liquidity, cost efficiency, capital efficiency, economic rentability, and profitability of own capital. Of the seven variables, there are three variables that have a significant effect, namely: productive asset quality, liquidity, and

capital efficiency. The quality of earning assets occupies a variable that has a dominant influence on the financial performance of BMT SWM in Malang City.

Another study was conducted by Mulyana and Supardi (2008). They only set five variables that might affect BMT's financial performance, namely capital structure, productive asset quality, liquidity, cost efficiency, and economic profitability. The research carried out at the Mubaraak BMT in Gunung Kidul Regency showed a quite healthy condition based on the calculation of the average of all independent variables. Fathurrahman (2009) conducted a comparative research on the financial performance of two BMTs with segmented campus criteria (BMT Iqtisaduna) and non-segmented campus (BMT Sunan Kalijaga). The ratios used include CAR, NPF, LDR, BOPO, ROA, and ROE. The results of this study indicate significant differences between the two BMTs in the cost efficiency ratio, earning assets, and liquidity.

Sambudi (2010) also compared BMT's financial performance, but with a wider range of BMTs located in Sukoharjo, Karanganyar and Solo. The independent variables used are capital structure, productive asset quality, liquidity, cost efficiency, economic rentability, and asset growth. The results revealed that BMTs located in Karanganyar had the healthiest rank in financial performance, which was indicated by four variables that outperformed the other two BMTs.

This research is a replication of the research conducted by Indrawati (2008), because Henny's research contains more varied independent variables. The year of testing was taken during the period 2009-2013 at BMT Binama Semarang City. BMT Binama Semarang City is one of the BMTs that has developed. This can be seen from the year it was founded in 1992, this BMT is still operating. Until now, BMT Binama has one head office in Semarang City, and six branch offices spreading in various regions, namely: Ungaran, Ngaliyan, Weleri, Kaliwungu, Batang, and Magelang. Health of Binama BMT's financial performance is interesting to study further concerning with variables that have a significant influence.

Literature Review

Baitul Mal Wat Tamwil (BMT)

The Small Business Incubation Center (PINBUK) defines BMT as a supporting institution to improve the quality of the economic business of micro entrepreneurs based on sharia principles and cooperative principles. Drs. Sabdo, M.Sos.I, Chair of the Indonesian BMT Association's Research and Development DPP, conveyed the following two functions of BMT: (1) Baitul Maal or "treasure house" with social functions as a charity fund collector and distribution carrier, and (2) Baitul Tamwil or "property development house" as a charity fund management to improve the economy of small and medium enterprises aimed at profit. Baitul Maal funding sources come from zakat, infaq, shodaqoh, and other halal sources. The funds are then distributed to mustahiq (people who are entitled to receive) and used for things that are beneficial. Whereas the operational sources of Baitul Tamwil are obtained through deposits of members or third party deposits. Distribution is carried out in the form of financing or investment that is run based on sharia principles.

The PINBUK's Statute Chapter IV Article 8 explains the principles of BMT activities, which are satisfying the interests of shareholders (owners), managers, customers to save and finance, togetherness/ukhuwah Islamiyah, independent, self-help and deliberation, the spirit of jihad, istiqomah and professionalism, animating muamalat islamiyah, and as a driving force for the economy of the grass roots and the spearhead of the implementation of the Islamic economic system. BMT is based on Pancasila and the 1945 Constitution, and is based on Islamic sharia principles, faith, integrity, kinship, togetherness, independence, and professionalism (Ridwan, 2004). The existence of BMT is classified as a financial institution, in accordance with the Decree of the Minister of Finance of the Republic of Indonesia No. 792 of 1992. Financial institutions are given restrictions as all entities whose activities are engaged in the financial sector, carry out the collection and distribution of funds to the public, especially to finance company investments.

Financial institutions in Indonesia are grouped into two forms, namely banking and non-banking. Banking is grouped into two, namely conventional and sharia.

Islamic banking was approved by Law No. 7 of 1992 as a legal basis, then renewed into Law No. 10 of 1998. This legal basis was strengthened by the Decree of the Minister of Cooperatives of Small and Medium Enterprises of the Republic of Indonesia No. 53/BH/KDK/13.32/1.2/V/1999 and business licenses from the Minister of Finance to operate with profit sharing principles. The toughness of Islamic banks in the face of the economic crisis inspired the emergence of financial institutions whose operations apply Islamic sharia principles, that is BMT.

BMT Operations

Collecting funds is BMT business activities is carried out with a storage business. The form of deposits held by BMT can be in the form of bound and unrestricted deposits. PINBUK classifies BMT deposits as follows: 1) Special Principal Deposits, which are deposits paid by the founding members of honor at least 20% of the total capital of the BMT. 2) Principal Deposits, which are deposits that must be paid by all members when entering into members whose amount is determined in the statutes of the BMT. 3) Mandatory Deposits, which are deposits that must be paid by all members periodically for the amount and time of payment determined in the statutes and bylaws of BMT. 4) Voluntary Deposits, which are deposits of members other than the three deposits above. These deposits are divided into two: voluntary savings that can be withdrawn at any time, and voluntary savings futures.

BMT financing is related to the plan to earn income. In general, BMT financing is developed as follows: 1) Bai'ubitsman Ajil, which is financing with a sale and purchase contract using a financing agreement agreed upon during the contract. BMT provides funds, and members make payments with installments according to the agreed value and mark-up. 2) Murabahah, which is financing with the same principle as bai'ubitsman, but the payment process is done at maturity (once in a while). 3) Mudharabah, which is a

financing agreement between the BMT and the borrower, where BMT provides funds for working capital for the borrower in an effort to manage and develop their business. 4) Musyarakah, which is the participation of BMT as the owner of capital in a business with risks and benefits borne jointly in proportion to the portion of participation. 5) Al-Qordul Hasan, which is a financing agreement between BMT and members. Only members who are considered eligible to receive a loan.

Components of BMT Financial Report

According to the BMT Standard Operating Procedure (SOP), the BMT financial report components consist of:

Balance Sheet

The balance sheet must present information about BMT assets, liabilities and equity at a certain time.

Income Statement (SHU Calculation)

Business results calculation report is a report that describes the performance and business activities of BMT in a certain period which includes revenues and expenses that arise in the main operation of BMT and other operations.

Cash flow statement

Cash flow statement is a report that shows the receipt and expenditure of cash and cash equivalents on BMTs for a certain period which are grouped into operating, investing and funding activities.

Statement of changes in capital

The capital change report is a report that shows changes in capital of the BMT that describe an increase or decrease in net assets or assets during the reporting period.

Member Economic Promotion Report

Member economic promotion reports are reports that show economic benefits obtained by BMT members for a particular year.

Report on the Change in Mudharabah Muqayyadah Bound Investment Fund

Mudharabah is a contract of business cooperation between a fund owner or a business partner *(shahibul maal)* and fund manager, that is BMT *(mudharib)* with a profit sharing ratio (profit or loss) according to an upfront agreement where Shahibul Maal gives limits to mudarib regarding places, ways and objects investation.

Report on Sources and Use of Zakat, Infaq, and Sadaqah

The source and use reports of ZIS are reports that indicate the source and use of funds for a certain period of time, as well as the ZIS balance on a certain date.

Source Report and Use of the Qardh Fund

The source and use report of qardh is a report that shows the source and use of funds for a certain period of time and the qardh balance on a certain date. Qardh is a loan without compensation that allows the borrower to use the fund for a certain period of time and must return the same amount at the end of the agreed period.

Note to Financial Statements

The notes to the financial statements provide an explanation of the general description of the BMT, an overview of accounting policies, an explanation of financial statement items and other important information.

Hypothesis Development

The main purpose of establishing a company is to improve the welfare of capital holders. Welfare can be improved through the company's financial performance. The secondary objective of establishing a business is to

measure returns for capital holders (Jones et al., 2009 in Khaira Amalia, 2011).

In the world of finance, the definition of capital structure usually refers to how a company manages funding for its assets through various combinations of equity, debt and through securities. The company's capital structure is then the composition or structure of the debts it has. Companies can be funded with debt and equity. The composition of the use of debt and equity is reflected in the capital structure. The use of debt in the capital structure can prevent unnecessary expenditures, and encourages managers to operate the company more efficiently.

The use of debt that is high in the capital structure might influence manager's behavior. If conditions are good, managers will use cash flow for bonuses or unnecessary expenses. But the threat of bankruptcy due to high debt can reduce unnecessary expenses, so that it will increase free cash flow which can have a positive effect on the company's financial performance. Based on the elaboration above, the first hypothesis is proposed as follows:

H$_1$: It is assumed that the capital structure has a significant effect on the financial performance of BMT Binama City of Semarang.

The emergence of productive assets is intended to earn income in accordance with its function, so that credit is one form of productive assets. Fund management in earning assets is a source of income for financial institutions used to finance all operational activities. The quality of earning assets is assessed based on business prospects, financial conditions with emphasis on debtor cash flow and ability to pay (Santoso and Triandaru, 2006) in Hesti (2010).

Calculation of earning assets is very useful to find out how creditors manage their assets well so as to produce maximum revenue. In addition, the assessment of earning asset quality is intended to assess the condition of creditors' assets, including anticipation of the risk of default from financing (Adianto, 2008), whereas according to Widayati (2008) in Hesti (2010), the objective of evaluating the quality of productive assets is to assess the overall

credit condition and assess the adequacy of reserves for the elimination of non-current loans in one period. The formation of elimination and allowance for earning assets (PPAP) is one of the efforts to form a reserve from the possibility of uncollectible financing. This reserve can cause financial institutions to lack liquidity and lose investment opportunities. The loss of investment opportunities has resulted in reduced income potential which has led to a decline in the financial performance of these financial institutions. Based on the elaboration above, the second hypothesis is proposed as follows:

H_2: It is assumed that productive asset quality has a significant effect on the financial performance of BMT Binama Semarang City.

Liquidity is defined as the ability to repay obligations that can immediately be disbursed. More specifically, liquidity is the ability to repay the maturing deposits and provide loans to the community (Simorangkir, 2004). According to Siamat (1999), a financial institution is considered liquid if it has a certain amount of liquidity equal to the amount of liquidity needs, not too high nor too low. Whereas according to Yunanto (2008), financial institutions are declared liquid if they can fulfill their debts, can repay all customer deposits, and be able to fulfill financing requests submitted without delay.

Increased liquidity means that the distribution of funds to debtors is getting bigger, so that profits will increase. Increasing profit results in higher bank financial performance. This is in line with the research put forward by Hesti (2010) which states that partially liquidity variables have a positive effect on the company's financial performance.

Increased financing is due to increased lending or withdrawal of funds by customers, where this can affect liquidity which affects the level of public trust. Management's increased liquidity must also be watched out for, because if liquidity is too high it will cause inequality between third party funds and the funds disbursed, resulting in financial institutions becoming

less competitive. Based on the elaboration above, the third hypothesis is proposed as follows:

> *H₃: It is assumed that liquidity has a significant effect on the financial performance of BMT Binama Semarang City.*

Research conducted by Mawardi (2005) revealed that cost efficiency along with credit risk had a significant effect on financial performance. This is in line with Fathurrahman (2009) research which states that there are significant differences between the financial performance of two BMTs measured using cost efficiency indicators.

Cost efficiency is intended to measure management's ability to control operational costs against operating income. Operational costs are costs incurred by the bank in order to carry out its main business activities (such as interest costs, labor costs, marketing costs). Operational income is the bank's main income, namely interest income derived from the placement of funds in the form of credit and other operating placements. According to Dendawijaya (2003), cost efficiency is used to measure the level of efficiency and capability in conducting operational activities. While Indrawati (2008) explains that the smaller the cost efficiency, the more efficient operational costs incurred. Based on the elaboration above, the fourth hypothesis is proposed as follows:

> *H₄: It is assumed that cost efficiency has a significant effect on the financial performance of BMT Binama Semarang City.*

Measurement of the level of efficiency of working capital is used as a reference to determine the company's financial performance. Research conducted by Mulyana and Supardi (2008) revealed that capital efficiency contributes quite efficiently to BMT financial performance. A similar thing was expressed in Indrawati (2008) study which revealed that the efficiency of capital contribution to BMT's financial performance was very efficient, and had a significant individual effect. Based on the elaboration above, the fifth hypothesis is proposed as follows:

> *H₅: It is assumed that capital efficiency has a significant effect on the financial performance of BMT Binama Semarang City.*

The profitability of a company reflects the achievement of ability to generate profits. The profitability of a company can be measured by connecting the profits obtained from the total assets owned. Increased profitability will encourage increased financial performance.

The study of the effect of economic rentability on financial performance was conducted by Ajar Alit Sambudi (2010) who stated that the economic rentability of BMT in the Karanganyar region had a significant effect on financial performance. Whereas Henny Indrawati (2008) revealed that economic rentability has a simultaneous effect on financial performance, although not individually. Based on the elaboration above, the sixth hypothesis is proposed as follows:

H_6: *It is assumed that economic rentability has a significant effect on the financial performance of BMT Binama Semarang City.*

The problem of profitability is a very important thing for a company that is measured by its own capital. Fulfillment of corporate funding needs from sources of own capital comes from share capital, retained earnings and reserve funds. If the company's funding from self-capital is still a deficit, then funding needs to be considered from the third view.

The contribution of your own capital in generating profits is more important than relying on third-party loans. The study of the effect of equity capital earnings on financial performance was carried out by Mulyana and Supardi (2008) suggesting that the contribution of own capital rentability had an adverse effect on the financial performance of BMT Mubaraak, Gunung Kidul Regency.

Fathurrahman (2009) conducted research on BMT Iqtisaduna and BMT Sunan Kalijaga. The results showed that the ability of Sunan Kalijaga BMT was lower in generating profits from their own capital compared to Iqtisaduna BMT, while Indrawati (2008) revealed that the contribution of own capital earnings to the financial performance of BMT Malang City showed poor results. This study concludes that the profitability of capital alone has an effect simultaneously, but not individually on the financial performance of BMT.

Based on the elaboration above, the seventh hypothesis is proposed as follows:

H_7: It is assumed that the profitability of capital alone has a significant effect on the financial performance of BMT Binama Semarang City.

The effect of managing liquidity can affect the development of the relevant financial institution. Most of the financial sector crises that occur are the effects of management's inability to deal with the problem of the source of funds. Through good management of liquidity, financial institutions can give confidence to customers that they can withdraw their funds at any time or at maturity.

The risks attached to liquidity management make the liquidity variable the main pillar of the company's financial performance. Indrawati (2008) in her research stated that poor management of liquidity will have an impact on reducing efficiency and low profitability, all of which will adversely affect financial performance. Based on the elaboration above, the eighth hypothesis is proposed as follows:

H_8: It is suspected that liquidity has a dominant influence on the financial performance of BMT Binama Semarang City.

Indrawati (2008) in her research found that there were influences given by the seven financial ratio variables (capital structure, productive asset quality, liquidity, cost efficiency, capital efficiency, economic profitability, and equity capital) on BMT SWT Malang City's financial performance. The seven variables have an effect simultaneously as evidenced by testing simultaneous significance (F test). Based on the elaboration above, the ninth hypothesis is proposed as follows:

H_9: It is assumed that capital structure, earning asset quality, liquidity, cost efficiency, capital efficiency, economic rentability, and equity capital earnings have a simultaneous effect on the financial performance of BMT Binama Semarang City.
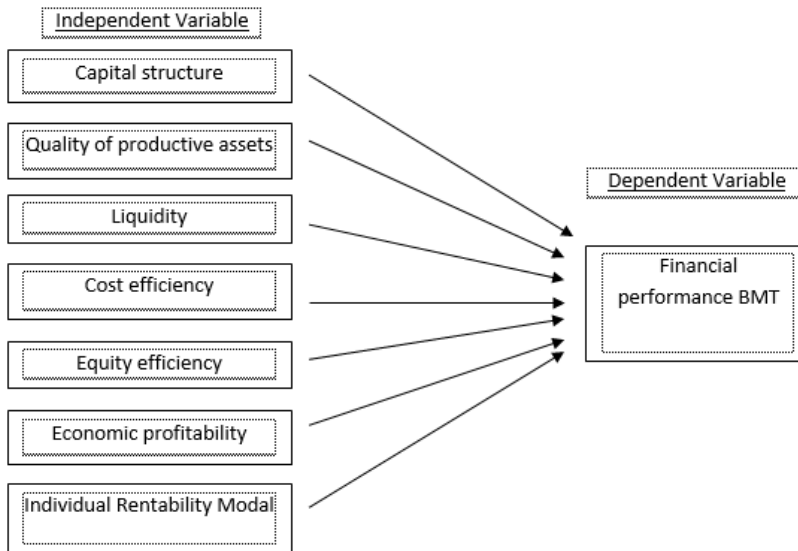
Figure 1. Research Framework

Research Methods

Table 1. Variables of Indicators and Measurements

VARIABLE	INDICATOR	MEASUREMENT
INDEPENDENT VARIABLES: CAPITAL STRUCTURE	Total Capital, Deposits Volunteer	
EARNING ASSETS QUALITY	Quality credit	
LIQUIDITY	Total Funding, Party Fundsthird (LDR ratio)	healthy = 3.5 – 4.0
COST EFFICIENCY	Cost Operational, Revenue Operations	quite healthy = 2.5 - 3.49
CAPITAL EFFICIENCY	Inventory, Total Capital	less healthy= 1.5 - 2.49
ECONOMIC RENTABILITY	Profit, Total Assets	not healthy <1.5
RENTABILITY OFOWN CAPITAL	Profit , Own Capital	
DEPENDENT VARIABLE:FINANCIAL PERFORMANCE	Quality Report Finance	

Source: PINBUK, 2003

Table 2. Variable Weighting of BMT Financial Performance

VARIABLE	COMPONENT	WEIGHT
CAPITAL STRUCTURE	Total Capital / Voluntary Deposits	20%
EARNING ASSETS QUALITY	Total Troubled Credit / Total Whole Credit	30%
LIQUIDITY	Total Third Party Funding / Funds	20%
COST EFFICIENCY	Operational Cost / Operating Income	5%
CAPITAL EFFICIENCY	Inventory / Total Capital	5%
ECONOMIC RENTABILITY	Operating Profit / Total Assets	13%
RENTABILITY OF OWN CAPITAL	Profit After Tax / Own Capital	7%

Source : PINBUK, 2003

The final results reflecting the health conditions of BMT are obtained from the accumulation of the seventh scoring ratio. Provisions for the score set for each variable by PINBUK in 2003 are as follows:

Table 3. BMT Variable Scoring Standard

VARIABLE	PERCENTAGE	SCORE
CAPITAL STRUCTURE	≤ 5%	1
	6% - 15%	2
	16% - 25%	3
	> 25%	4
EARNING ASSETS QUALITY	> 10%	1
	6% - 10%	2
	3% - 5%	3
	<3%	4
LIQUIDITY	<71% and> 94%	1
	71% - 74% and 91% - 94%	2
	75% - 80% and 86% - 90%	3
	81% - 85%	4
COST EFFICIENCY	> 90%	1
	76% - 90%	2
	60% - 75%	3
	<60%	4
CAPITAL EFFICIENCY	> 50%	1
	41% - 50%	2
	30% - 40%	3
	<30%	4
ECONOMIC RENTABILITY	<1%	1
	1% - 1.9%	2

		2% - 3%	3
		> 3%	4
OWN CAPITAL RENTBILITY		<5%	1
		5% - 15%	2
		16% - 25%	3
		> 25%	4

Source: PINBUK, 2003

The population determined by the author is BMT Binama Semarang City. The sample in this study was the monthly financial report of Binama Semarang City for five years. The total sample of 60 has met the requirements as a regression tool with a minimum of 30 data (Londong, 2011). The ability of independent variables to explain the dependent variable was initially analyzed by the coefficient of determination (R square). The analytical model used is:

$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + ... + b_7X_7 + e$

Y : Financial performance, b_0 : Intercept point, b_1-b_7 : Regression coefficient, X_1-X_7 : Independent variable, e : Error disturbance

Because the research uses regression analysis, before testing hypotheses a classic assumption test must firstly be done to find out whether the regression model meets the criteria of the Best Linear Unbiased Estimator (BLUE), so it is feasible to predict the effect of independent variables on the dependent variable. The F test is used to determine whether the regression coefficients of the independent variables have a significant influence on the dependent variable as a whole. The hypothesis formula used is:

H0: b1 = b2 = b3 = b4 = b5 = b6 = b7

That is, there is no significant effect of the independent variables on the dependent variable.

Ha: b1 ≠ b2 ≠ b3 ≠ b4 ≠ b5 ≠ b6 ≠ b7

That is, there is a significant effect of the independent variable on the dependent variable.

Results and Discussion

Table 4. Results of Descriptive Statistics of Independent and Dependent Variables

| Variable	N	Min	Max	Mean	Deviation Std.
Capital Structure	60	8.13	22.09	13.6637	3.63996
Earning Assets Quality	60	2.24	5.46	3.6114	.87837
Liquidity	60	73.10	93.45	83.4295	5.07234
Cost Efficiency	60	72.54	105.75	85.2439	6.66448
Capital Efficiency	60	25.19	55.00	36.7398	6.47835
Economic Rentability	60	-.05	2.46	.9757	.61461
Rentability of Own Capital	60	-3.86	333.10	110.4586	88.19191
Financial performance	60	1.95	3.44	2.7647	.35132

Source: research data, processed

Classical Assumption Test

Normality Test

There are two ways to detect whether residuals are normally distributed or not, namely by graph analysis and statistical analysis. The graph analysis in this study used the P-P Plot test, while the statistical analysis used the Kolmogorov-Simornov (K-S) test. The following is the result of analysis of the two:

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: y
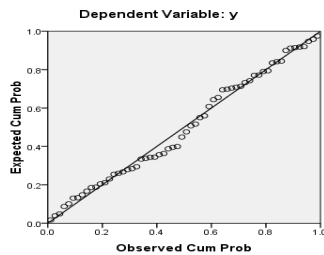
Figure 1. Normality Test of P-P Plot

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Table 5. Normality Test of Kolmogorov-Smirnov

		Y
N		60
Normal Parameters[a]	Mean	2.7647
	Deviation Std.	.35132
Most Extreme Differences	Absolute	.128
	Positive	.128
	Negative	-.104
Kolmogorov-Smirnov Z	Kolmogorov-Smirnov Z	.995
Asymp. Sig. (2-tailed)	Asymp. Sig. (2-tailed)	.275

Source: SPSS processed data

Based on the results of the P-P Plot test in Figure 1, the pattern of the spread of the sticky data shows that the regression model has shown a normal distribution. In order to strengthen the P-P Plot normality test, below will be presented the results of the K-S normality test with a significance level of 5%.

In the K-S test the data is said to be normally distributed if the significance level shows a value greater than 0.05. Whereas if the significance level is below 0.05 then the data is not normally distributed. Table 4.18 shows that the normality test for K-S has a normal distribution value. This is indicated by the K-S value of 0.995 with a significance of 0.275. Significance of 0.275 is above 0.05, and meets normality requirements.

Based on the two normality analysis tests, the P-P plot and K-S both indicate that the data in this study meet the test of the classic assumption of residual normality.

Multicollinearity Test

Table 6. Multicollinearity Test

	Model		x7	x2	x4	x1	x3	x6	x5
1	Correlations	x7	1.000	.049	.067	.092	.364	-.799	-.005
		x2	.049	1.000	-.350	-.168	.545	.008	-.530
		x4	.067	-.350	1.000	.026	-.164	.215	.053
		x1	.092	-.168	.026	1.000	-.384	.004	.797

		x3	.364	.545	-.164	-.384	1.000	-.191	-.302
		x6	-.799	.008	.215	.004	-.191	1.000	.109
		x5	-.005	-.530	.053	.797	-.302	.109	1.000
2	Covariances	x7	0,0298	0,1785	0,0170	0,0957	0,177	-3,397	-0,0035
		x2	0,1785	.004	.000	.000	.000	4,08	.000
		x4	0,0170	.000	2,15	0,2272	-0,6775	7,743	0,2935
		x1	0,0957	.000	0,2272	.000	-6,542	0,65	.000
		x3	0,177	.000	-67,75	-6,542	7,907	.000	-3,185
		x6	-3,397	4,08	7,743	0,65	.000	.006	.000
		x5	-0,0035	.000	0,2935	.000	-3,185	.000	.000

Source: SPSS processed data

In table 6, the correlation value of the independent variable used by the reference is the correlation value which shows a negative value. Seeing the results of the magnitude of the correlation between the independent variables, it appears that only the economic profitability variable has a high enough correlation with the equity profitability variable, with a value of -0.799 or around 79.9%. Because this correlation is still below 95%, it can be said that there is no serious multicollinearity.

Autocorrelation

Table 7. Autocorrelation Test

Lag	Autocorrelation	Std. Error[a]	Box-Ljung Statistic		
			Value	df	Sig.[b]
1	.399	.126	10.017	1	.002
2	.235	.125	13.558	2	.001
3	.037	.124	13.648	3	.003
4	.042	.123	13.764	4	.008
5	.147	.122	15.217	5	.009
6	.040	.120	15.329	6	.018
7	-.055	.119	15.541	7	.030
8	-.230	.118	19.313	8	.013
9	-.313	.117	26.452	9	.002
10	-.231	.116	30.419	10	.001

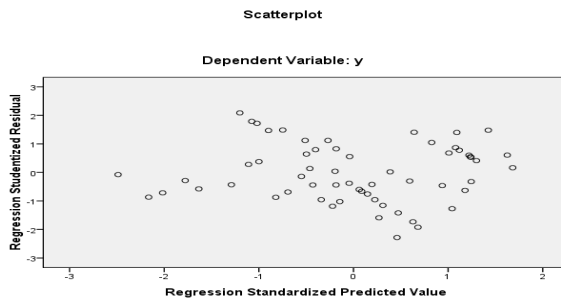|					
11	-.099	.115	31.171	11	.001
12	-.183	.114	33.777	12	.001
13	-.341	.112	42.979	13	.000
14	-.267	.111	48.725	14	.000
15	-.217	.110	52.623	15	.000
16	.014	.109	52.640	16	.000

Source: SPSS processed data

Figure 2. Heteroscedasticity Test

The results of the Ljung Box statistic show that sixteen (16) lags are all significant, i.e. with a value below 0.05. From these results it can be concluded that there is no problem of autocorrelation in the available data.

Heteroscedasticity Test

The test results in Figure 2 show the distribution of points does not form a specific pattern, so it can be concluded that the regression model for the dependent variable does not occur heteroscedasticity.

Regression Analysis Test

Table 8. Results of Multiple Linear Regression Analysis

INDEPENDENT VARIABLES	REGRESSION COEFFICIENT	T-STATISTICS	SIGNIFICANCE
X_1	0.002	0.127	0.900
X_2	-0,085	-1,277	0.207
X_3	-0.002	-0.251	0.802

X_4	-0,013	-2,712	0.009
X_5	-0,016	-1.367	0.178
X_6	0.242	3.114	0.003
X_7	0,000	-0.740	0.462
CONSTANT	4,701	5.178	0,000
F-COUNT		30,952	
F-SIG		0,000	
R-SQUARE		0.780	

Source: SPSS processed data.

Mathematically, the regression equation of the independent variable on the dependent variable can be written as follows:

$$Y = 4{,}701 + 0{,}002\,X_1 - 0{,}085\,X_2 - 0{,}002\,X_3 - 0{,}013\,X_4 - 0{,}16\,X_5 + 0{,}242\,X_6 + 0{,}000\,X_7$$

Description: Y (financial performance); X1 (capital structure); X2 (quality of productive assets); X3 (liquidity); X4 (cost efficiency); X5 (capital efficiency); X6 (economic profitability); X7 (equity capital).

Individual Parameter Significance Test (Test Statistic t)

Table 8 shows the results that only two of the seven independent variables that are individually significant (below 0.05) affect the dependent variable, namely cost efficiency (X4) with a value of 0.009 and economic profitability (X6) with a value of 0.003. Whereas to determine the most dominant influential variable can be seen from the largest regression coefficient of each independent variable which has a significant effect, namely economic rentability with a regression coefficient of 0.242 which states that any increase in economic profitability of 1000 rupiah will increase financial performance by 242 rupiah.

Determination Coefficient Test (R^2)

Based on the test results of the determination coefficient in Table 8, it can be seen that the adjusted R2 shows the number 0.780. These results mean that 78% of the variation in BMT financial performance can be explained by variations of the seven independent variables of financial ratios, namely capital structure, productive asset quality, liquidity, cost efficiency, capital

efficiency, economic rentability, and profitability of own capital. While the remaining 22% is explained by other variables outside the model.

Simultaneous Significance Test (Test Statistic F)

The F test is guided by the fact that if the probability value is less than 0.05, the regression model can be used to predict the dependent variable, or it can be said that all independent variables together influence the dependent variable. In Table 8 the F-count value is 30,952 with the probability of F-Sig 0,000. Because the probability is far smaller than 0.05, the regression model can be used to predict BMT financial performance.

First hypothesis (H1)

The first hypothesis (H1) states that "It is expected that the capital structure has a significant effect on the financial performance of BMT Binama Semarang City." In the results of the t test Table 8, the capital structure shows a positive regression coefficient of 0.002 with a significance level of 0.900 which is greater than 0.05. Significance >5% means that capital structure variables do not significantly influence individual financial performance, this means that H0 is accepted. Positive regression coefficient shows the higher percentage of capital structure, then shows an increasingly good contribution to financial performance.

Second Hypothesis (H2)

The second hypothesis (H2) states that "It is assumed that productive asset quality has a significant effect on the financial performance of BMT Binama Semarang City."

Based on the results of the t test Table 8, the quality of earning assets shows a negative regression coefficient of 0.085 with a significance level of 0.207 which is greater than 0.05. Significance >5% means that the variable quality of productive assets does not significantly influence individuals on financial performance, this means that H0 is accepted. The negative regression coefficient shows the lower the percentage of the quality of

productive assets, then it provides a better contribution to financial performance.

Third Hypothesis (H3)

The third hypothesis (H3) states that "It is assumed that liquidity has a significant effect on the financial performance of BMT Binama Semarang City."

Based on the results of t test Table 8, liquidity shows a negative regression coefficient of 0.002 with a significance level of 0.802 which is greater than 0.05. Significance> 5% means that the variable liquidity does not significantly influence individuals on financial performance, this means that H0 is accepted. Negative regression coefficient shows the lower the percentage of liquidity, the better contribution to financial performance.

Fourth Hypothesis (H4)

The fourth hypothesis (H4) states that "It is assumed that cost efficiency has a significant effect on the financial performance of BMT Binama Semarang City."

Based on the results of t test Table 8, cost efficiency shows a negative regression coefficient of 0.013 with a significance level of 0.009 which is smaller than 0.05. Significance <5% means that cost efficiency variables have a significant effect on individual financial performance, this means that H0 is rejected. The negative regression coefficient indicates the lower the percentage of cost efficiency, the better contribution to financial performance.

Fifth Hypothesis (H5)

The fifth hypothesis (H5) states that "It is assumed that capital efficiency has a significant effect on the financial performance of BMT Binama Semarang City."

Based on the results of t test Table 8, capital efficiency shows a negative regression coefficient of 0.016 with a significance level of 0.178 which is greater than 0.05. Significance >5% means that capital efficiency variables do

not significantly influence individuals on financial performance, this means that H0 is accepted. The negative regression coefficient indicates the lower the percentage of capital efficiency, the better contribution to financial performance.

Sixth Hypothesis (H6)

The sixth hypothesis (H6) states that "It is assumed that economic rentability has a significant effect on the financial performance of BMT Binama Semarang City."

Based on the results of t test Table 8, economic profitability shows a positive regression coefficient of 0.242 with a significance level of 0.003 which is smaller than 0.05. The significance <5% means that the economic profitability variable has a significant effect on individual financial performance, this means that H0 is rejected. Positive regression coefficient shows the higher the percentage of economic profitability, the better contribution to financial performance.

Seventh Hypothesis (H7)

The seventh hypothesis (H7) states that "It is assumed that own capital earnings have a significant effect on the financial performance of BMT Binama Semarang City." Based on the results of t test Table 8, the rentability of own capital shows a positive regression coefficient of 0,000 with a significance level of 0.462 greater than 0.05. Significance > 5% means that the equity rentability variable does not significantly influence individuals on financial performance, this means that H0 is accepted. Positive regression coefficients indicate the higher the percentage of profitability of own capital, the better contribution to financial performance.

Eighth Hypothesis (H8)

The eighth hypothesis (H8) states that "It is suspected that liquidity has a dominant influence on the financial performance of BMT Binama Semarang City." Based on the t test of individual significance in Table 8 it can be

concluded that not all independent variables significantly influence the dependent variable.

Liquidity shows a negative regression coefficient of 0.002 with a significance level of 0.802 which is greater than 0.05. Thus H0 is statistically accepted, and it can be concluded that liquidity does not have a dominant effect on financial performance. Variables that have an individual significant effect are indicated by cost efficiency with a significance level of 0.009 and economic profitability with a significance level of 0.003. While other independent variables do not not individually influence the dependent variable.

In determining the most dominant influential variable, it can be seen from the regression coefficient value that is the greatest of each independent variable which has a significant effect. Based on Table 8, the largest regression coefficient is indicated by economic profitability with a value of 0.242. According to observations on the description of variables, cost efficiency and economic profitability do have a significant role in the emergence of the results of the financial performance of the BMT Binama Semarang City with these fairly healthy predicates. Both variables are classified as scores 2 and 1.

Score of 2 obtained by the cost efficiency variable with a percentage of 85.24% almost reaches the final limit of score 2 to a score of 1 which is 90%. Low cost efficiency is indicated by a higher percentage, this means that the percentage of costs incurred is more than the income that enters. Cost overruns occur at the post of labor costs which increase every month above 70%, while the score 1 obtained by the economic profitability variable reflects the poor ability of BMT to generate profits from ownership of assets. The worst income was experienced in January 2010 which showed a loss condition.

Ninth Hypothesis (H9)

The seventh hypothesis (H9) states that "It is assumed that capital structure, earning asset quality, liquidity, cost efficiency, capital efficiency,

economic profitability, and equity profitability have a simultaneous effect on the financial performance of BMT Binama Semarang City."

Based on the results of the F test in Table 8, the significance is 0,000 <0.05 which means that statistically H0 is rejected. Thus it can be concluded that the capital structure, earning asset quality, liquidity, cost efficiency, capital efficiency, economic profitability, and rentability of own capital have a significant effect on financial performance. It can also be proven by a comparison between F count> F table. F tables are obtained from df1 (number of variables - 1) and df2 (n - variable). The value of df1 is 7 (8-1 = 7), and the value of df 2 is 52 (60-8 = 52). Then based on the results of df1 and df2 can be known F table (2.19) <F count 30,952. The results of this comparison are in accordance with the F quick look test.

Conclusion

Based on the results of the research conducted, the results are summarized as follows: 1) The financial performance achieved by BMT Binama Semarang City during the 2009-2013 period showed a predicate that was quite healthy with a score of 2.76%. 2) The capital structure shows an insignificant relationship to the financial performance of BMT Binama City of Semarang. The five-year average produced was 13.66% with poor contributions. 3) The quality of productive assets shows an insignificant relationship to the financial performance of BMT Binama Semarang City. The five-year average produced was 3.61% with a fairly good contribution. 4) Liquidity shows a non-significant relationship to the financial performance of BMT Binama Semarang City. The five-year average produced was 83.43% with very good contributions. 5) Cost efficiency shows a significant relationship both simultaneously and individually to the financial performance of BMT Binama Semarang City. The five-year average produced was 85.24% with poor contributions. 6) Capital efficiency shows an insignificant relationship to the financial performance of BMT Binama Semarang City. The five-year average produced was 36.74% with a fairly good contribution. 7) Economic rentability shows a significant relationship

both simultaneously and individually to the financial performance of BMT Binama Semarang City. The five-year average produced was 0.98% with bad contributions. 8) Rentability of own capital shows an insignificant relationship to the financial performance of BMT Binama Semarang City. The average five years produced was 110.46% with very good contributions. 9) Independent variables that have a significant individual effect on the dependent variable are indicated by: cost efficiency and economic rentability. This means that statistically these two variables can be used to predict financial performance meaningfully. 10) The seven variables show a significant simultaneous influence on the financial performance of BMT Binama Semarang City. 11) The variable that has the most dominant influence on the financial performance of BMT Binama Semarang City is economic rentability.

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