



The Influence of Financing on the Loan to Deposit Ratio (LDR) in Baitul Maal Wat Tamwil in Bandung

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Abstract :

This study aims to analyze the impact of financing on the Loan to Deposit Ratio (LDR) in BMT (Baitul Maal Wat Tamwil) financial institutions in Bandung. Understanding this relationship is crucial, as the LDR serves as a key indicator of liquidity management and financial stability within Islamic microfinance institutions like BMT. The research population includes all financial reports, particularly balance sheet reports, from BMT financial institutions operating in Bandung City. A sample was taken from financial reports covering the period from 2015 to 2023. The collected data was processed using the LDR (Loan to Deposit Ratio) formula and analyzed through various statistical methods using SPSS 24, including simple linear regression analysis, correlation analysis, and the t-test, to assess the significance and strength of the relationship between financing and LDR. The findings of the study indicate that financing does not have a significant effect on the LDR of BMT institutions in Bandung City. This suggests that LDR is influenced by multiple factors beyond financing alone. Other key determinants include third-party funds, the level of deposits, and the equity owned by BMT institutions, which play a crucial role in shaping liquidity ratios. These findings highlight the complexity of liquidity management in Islamic financial institutions and suggest that a more comprehensive approach is needed to evaluate the factors affecting LDR.

Keywords : Financing; LDR; BMT

Abstrak :

Penelitian ini bertujuan untuk menganalisis dampak pembiayaan terhadap Loan to Deposit Ratio (LDR) di lembaga keuangan BMT (Baitul Maal Wat Tamwil) di Kota Bandung. Memahami hubungan ini sangat penting, karena LDR berfungsi sebagai indikator utama manajemen likuiditas dan stabilitas keuangan dalam lembaga keuangan mikro Islam seperti BMT. Populasi penelitian mencakup semua laporan keuangan, khususnya laporan neraca, dari lembaga keuangan BMT yang beroperasi di Kota Bandung. Sampel diambil dari laporan keuangan yang mencakup periode 2015 hingga 2023. Data yang terkumpul diolah menggunakan rumus LDR (Loan to Deposit Ratio) dan dianalisis melalui berbagai metode statistik menggunakan SPSS 24, termasuk analisis regresi linier sederhana, analisis korelasi, dan uji-t, untuk menilai signifikansi dan kekuatan hubungan antara pembiayaan dan LDR. Temuan penelitian menunjukkan bahwa pembiayaan tidak memiliki pengaruh yang signifikan terhadap LDR lembaga BMT di Kota Bandung. Hal ini menunjukkan bahwa LDR dipengaruhi oleh banyak faktor di luar pembiayaan saja. Penentu utama lainnya meliputi dana pihak ketiga, tingkat simpanan, dan ekuitas yang dimiliki oleh lembaga BMT, yang memainkan peran penting dalam membentuk rasio likuiditas. Temuan ini menyoroti kompleksitas pengelolaan likuiditas di lembaga keuangan Islam dan menunjukkan bahwa diperlukan pendekatan yang lebih komprehensif untuk mengevaluasi faktor-faktor yang memengaruhi LDR.

Kata Kunci: Pembiayaan; LDR; BMT

INTRODUCTION

Humans, as social beings, naturally depend on one another to fulfill their needs, including economic necessities such as clothing, food, and housing (Gough, 2017). These essential needs are met through various economic activities, including industry, trade, and services, which generate income. However, engaging in economic activities often requires initial capital, which can come in the form of personal savings or external funding. Financial institutions play a crucial role in providing financial support, with options ranging from conventional and Islamic banks to cooperatives and microfinance institutions such as BMTs (Baitul Maal wat Tamwil). These institutions help individuals and businesses obtain the necessary capital to start or expand their ventures, contributing to overall economic growth and financial stability (Adnan & Ajija, 2015).

BMTs function as Islamic microfinance institutions that not only collect public funds in the form of savings, deposits, and investment accounts but also distribute financing to support small businesses and entrepreneurs (Rahayu, 2020). Their operations align with Islamic financial principles, which emphasize fairness, mutual cooperation, and profit-sharing instead of conventional interest-based lending. In addition to providing financing, BMTs also manage social funds such as zakat, infaq, and sedekah, ensuring these resources are distributed according to Islamic guidelines (Choirunisa, 2024). BMTs play a significant role in empowering small-scale businesses and individuals who may not have access to conventional banking services by offering financial support and promoting ethical economic practices.

Previous research highlights the significant role of non-bank financial institutions such as Baitul Maal wat Tamwil (BMT) in promoting economic recovery and empowering local communities, especially in the post-pandemic context. Imaningsih, Daru, Noermijati, Soelton, and colleagues (2021) emphasized that BMT acts as a vital institution that integrates both social and financial functions. Their study showed that BMTs contributed to post-pandemic economic recovery by providing accessible financial services to micro and small enterprises (SMEs), many of which were severely affected by COVID-19. The researchers noted that BMTs offer not only funding but also mentorship and guidance, which are essential for small businesses to survive and adapt in a volatile economic environment.

Expanding on this, Daru, Utami, Imaningsih, Yuliantini, and team (2021) focused on the empowering role of BMT in community development. Their study found that BMTs help strengthen economic independence at the grassroots level by channeling both charity-based (zakat, infaq, sadaqah) and commercial funds in a sharia-compliant manner. The prioritization of financial inclusion and empowerment makes BMTs more than just financial intermediaries, they serve as catalysts for social transformation, particularly in underserved rural and semi-urban areas. The authors

stressed the importance of integrating social values into financial services to ensure long-term, inclusive growth.

Additionally, Soelton, Ramli, Permana, and co-authors (2021) explored how BMTs increase the social impact of SMEs through sustainable microfinancing models. Their research demonstrated that the support provided by BMTs significantly enhanced the social and economic value of small business activities. BMTs were shown to elevate the role of SMEs not only as economic actors but also as contributors to social well-being in their communities by fostering collaboration, increasing business resilience, and encouraging local innovation. This aligns with the BMT model's broader mission to balance profit with purpose.

Muarif, Ibrahim, and Amri (2021) conducted a study on Islamic commercial banks in Indonesia during the 2016–2018 period. Their research focused on the effects of liquidity, capital adequacy, and problematic financing on bank profitability. The results indicated that problematic financing, which refers to the Islamic banking equivalent of non-performing loans, had a significant negative impact on profitability. Although capital adequacy and liquidity are essential for maintaining stability, this study showed that poor financing quality is a more direct threat to profitability. The authors emphasized the need for effective credit risk management in Islamic banking to ensure financial resilience and sustainable growth.

Yunus (2021) explored the impact of self-capital and loan capital on the income growth of Micro, Small, and Medium Enterprises (UMKM). The study found that both forms of capital—self-funded and external loans—had a positive and significant effect on business income. This suggests that increasing access to financial resources, whether through personal investment or formal credit, plays a key role in enabling small businesses to grow and remain competitive. His findings underscore the importance of financial empowerment and support systems for UMKM development. Aryanti and Nurhalizah (2022) examined the role of micro working capital financing provided by Islamic financial institutions in supporting the growth of UMKM. Their research revealed that such financing significantly contributes to business development and enhances resilience, especially during economic downturns. The study highlighted the flexibility and accessibility of Islamic microfinance as a strength in reaching underserved segments and helping small businesses navigate financial challenges.

This study aims to analyze the relationship between financing and the Loan to Deposit Ratio (LDR) in BMT institutions, focusing on BMT in Bandung City. The LDR is an essential financial metric that reflects the proportion of funds disbursed as financing relative to the total deposits collected (Jufriadi & Imaduddin, 2022). A healthy LDR indicates effective liquidity management, ensuring that the institution can meet withdrawal demands while continuing to support economic activities. Since BMTs rely on both internal funds and third-party deposits to provide financing, understanding how financing affects the LDR is crucial for assessing their

financial sustainability. This research seeks to provide insights into how BMTs manage their funds and the factors influencing their liquidity, ultimately contributing to the broader discussion on the role of Islamic microfinance in economic development.

RESEARCH METHOD

Theoretical Framework

Financing to Loan to Deposit Ratio (LDR) (H1)

Financing plays a crucial role in determining the Loan to Deposit Ratio (LDR), which measures a financial institution's liquidity by comparing the amount of loans or financing disbursed to the total deposits collected. A higher financing volume generally leads to an increased LDR, indicating that more funds are being allocated for economic activities rather than retained as reserves. While an optimal LDR reflects efficient fund utilization and profitability, an excessively high LDR may signal liquidity risk, where the institution might struggle to meet withdrawal demands (Permataningayu & Mahdaria, 2019). Conversely, a low LDR suggests conservative lending practices, which may limit profit potential but ensure greater financial stability. In the case of BMTs, which operate on Islamic finance principles, financing influences LDR through profit-sharing mechanisms rather than interest-based lending, making fund management a key aspect of maintaining liquidity while supporting economic growth. Therefore, the hypothesis of this study is:

H1: Financing influences the Loan to Deposit Ratio (LDR).

Methods

The population in this study consists of all financial statements from BMT (Baitul Maal Wat Tamwil) financial institutions in Bandung City. The sampling technique used in this research is purposive sampling, specifically selecting financial statements focused on balance sheets from the last nine years, covering the period from 2015 to 2023 (Sugiyono, 2019). The data collected from these financial reports are analyzed using financial analysis methods, including financing ratio analysis and Loan to Deposit Ratio (LDR) analysis. Additionally, statistical methods such as simple regression analysis and correlation analysis are employed to determine relationships between variables. Given that this study aims to examine the influence of one variable on another, statistical calculations, including regression and correlation analysis, are utilized to assess the impact of financing on LDR.

To establish the relationship between the independent variable (financing) and the dependent variable (LDR), a simple regression analysis using SPSS 24 is conducted using the equation $\hat{Y} = a \pm bX$, where \hat{Y} represents LDR, "a" is the constant, "b" is the regression coefficient, and X

represents financing (Santoso, 2017). Furthermore, correlation analysis is applied to measure the strength of the relationship between the two variables, using the product-moment correlation formula. The correlation coefficient (r) is interpreted based on specific intervals, ranging from very low to very strong relationships. To test the hypothesis, a t-test is performed to determine the significance of the relationship between financing and LDR. If the calculated t-value (Sig.) exceeds the critical t-value at a 5% (0,005) significance level, it indicates a significant effect of financing on LDR. Conversely, if the Sig. is equal to or lower than the critical t-value, it suggests no significant influence of financing on LDR.

FINDINGS AND DISCUSSION

Results

Table 1. Correlation Coefficient Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.721 ^a	.522	.376	1.530E8

a. Predictors: (Constant), Financing

Source: Processed Data, 2024

Based on the table above, the correlation coefficient (r) is 0.721, indicates a strong relationship. This suggests that financing has a strong correlation with the Loan to Deposit Ratio (LDR) of BMT Bandung City. Meanwhile, the coefficient of determination (r^2) is calculated at 0.522 or 52.2%, meaning that financing, as the independent variable, influences LDR as the dependent variable by 52.2%. The remaining 47,8% is attributed to other factors not examined in this study.

Table 2. T-Test Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.214E8	1.037E9		-.117	.914
	Financing	.641	.347	.729		

a. Dependent Variable: LDR

Source: Processed Data, 2024

The analysis results indicate that financing does not have a significant impact on the Loan to Deposit Ratio (LDR) of BMT in Bandung City. The obtained t-value of 1.847 and Sig 0,162 ($>0,005$) suggests that

financing alone does not determine LDR, as the ratio is also influenced by other factors.

Discussion

The Effect of Financing to Loan to Deposit Ratio (LDR)

The results of this study indicate that financing does not have a significant impact on the Loan to Deposit Ratio (LDR) in BMT Bandung City. This suggests that while financing plays a role, it is not the sole determinant of LDR, and other financial elements should be considered. One of the main reasons for the lack of significant influence is the presence of other critical factors affecting LDR, such as third-party funds and equity. The ability of BMT to maintain a healthy LDR is not only determined by how much financing is provided but also by the institution's capacity to attract deposits and manage its capital structure effectively. A high volume of deposits and adequate equity can contribute to stabilizing LDR, even if financing fluctuates. This explains why financing alone does not necessarily dictate the overall movement of LDR within BMT Bandung City.

These findings are consistent with the research by Muarif, Ibrahim, and Amri (2021), who highlighted the importance of capital adequacy and liquidity in shaping the financial performance of Islamic banks, indicating that problematic financing is just one of several components influencing financial ratios. Similarly, Suryani and Africa (2021) found that ROA, BOPO, and liquidity significantly affect NPL levels, implying that performance indicators are interconnected and cannot be analyzed in isolation. Furthermore, Imaningsih, Daru, and Soelton (2021) emphasized the role of BMTs in managing both financing and social capital, stressing that institutional strength, including deposit mobilization and equity management, greatly affects their stability and outreach.

Therefore, to ensure a stable and optimal LDR, financial institutions should focus not only on financing activities but also on strengthening deposit collection and maintaining sufficient equity levels. Future research could explore the impact of other financial indicators, such as liquidity ratios, asset quality, and operational efficiency, to gain a more comprehensive understanding of what drives LDR in Islamic microfinance institutions like BMT. Such research could further benefit from the framework provided by Aryanti and Nurhalizah (2022), who demonstrated the importance of working capital financing and its effect on microenterprise development, reinforcing the idea that LDR is influenced by broader economic and operational variables.

CONCLUSION

Based on the findings, this study concludes that financing does not have a significant impact on the Loan to Deposit Ratio (LDR) in BMT Bandung City. While financing is an essential function of financial institutions, its influence on LDR is limited, as other factors, such as third-

party funds and equity, also play a crucial role. The results indicate that financing only accounts for 52.2% of the variation in LDR, meaning that nearly half of the influencing factors remain unexplored. This highlights the importance of a broader perspective when analyzing LDR, as financial stability is determined by a combination of variables rather than a single aspect. For future research, it is recommended to explore additional factors that may impact LDR, such as liquidity management, operational efficiency, and risk exposure in Islamic microfinance institutions. Further studies could also conduct a comparative analysis between BMT and other financial institutions to assess whether similar trends apply across different financial models. Additionally, extending the study period beyond 2015–2023 could provide deeper insights into long-term financial patterns and how economic conditions affect LDR. These future investigations will help develop more effective financial strategies for BMT and similar institutions to optimize their financial performance.

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