The Influence of Third-Party Funds and Other Operating Income on Profits of Islamic banking: Financing as an Intervening Variable

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ABSTRACT

This study aims to determine the effect of third-party funds and other operating income on profits at Bank Mega Syariah with financing as an intervening variable. This research is a quantitative model using secondary data with a purposive sampling technique. The sample used is the annual report of Bank Mega Syariah for the 2012-2021 period. Data were analyzed and processed using Microsoft Excel and SPSS 25. The results found that third-party funds had a significant effect on financing. Meanwhile, other operating income has no significant effect on financing. Furthermore, third-party funds have a significant effect on net income. Other operating income and financing have no significant effect on net income. Then, financing cannot mediate the effect of third-party funds and other operating income on the net income.

Keywords: Third-party funds, Profit, Financing, Other Operating Income, Islamic Banking

A. INTRODUCTION

The banking industry is an institution that plays a vital role in a country's economy, especially in terms of financing. Islamic banks provide convenience regarding investment, trading and savings services for real sector customers (Faizi & Shuib, 2021; Lustiana et al., 2023; Munawaroh et al., 2022). The bank aims to achieve maximum profit by carrying out its operational activities. Profit is significant for Islamic banking to function correctly. Net profit in Islamic banking is calculated as operating profit minus taxes, interest, and R&D expenses. The income statement shows net profit in the banking sector by comparing revenues and expenses.

Islamic banking develops various products to achieve the desired target. Islamic banking provides various products, including financing, funding and service products (Ningsih, 2021). One factor influencing Islamic banks' profitability is the volume of third-party funds that banks can collect. Islamic

banks can own more assets and use them as sources of financing if they can collect more customer funds through their products. Another factor that affects profit is the amount of financing offered by banks. With more money going to clients, Islamic banks can earn higher profit-sharing margins. This drives Islamic banks to provide reliable and smooth financing (Kasmiri & Nurjaman, 2021; Faizi). Other operating income is the last component that affects profit; the amount of money set aside for financing increases as more income becomes available.

Financing is a sharia-based banking activity in which funds are channelled to other parties without the involvement of conventional banks (Ramadani et al., 2022; Yusuf et al., 2019). Financing disbursed by banks is closely related to the growth and decline in net profit. The bank's net profit will increase with income-generating financing, while net profit will decrease with non-profit financing (Akbar et al., 2022; Azizah et al., 2020). A large amount of financial outlay will allow banks to generate income which will help them expand their operations. Hence, offering funds to third-parties will help the bank to expedite the movement of capital.

For banks, the primary source of funding is obtained through funds provided by the public, which are third-party funds. Islamic banking collect third-party funds in the form of savings, demand, and time deposits. These third-party be channeled for productive things, namely financing. The more sources of funds a bank has, the more financing it disbursed, and the bank will earn income and increase its net profit (Khotmi, 2022; Sugianto et al., 2021). Third-party funds positively influence the bank's annual profit. The quantity of money obtained from third parties will increase the company's net profit and vice versa.

Operating income is the source of Islamic bank funds that contribute to increasing bank profits excluding third-party funds. Banks' operating income is the total of all interest income and other sources. Islamic banks function as financial intermediaries by channeling funds to meet customers' needs and provide services according with sharia law (Muysaroh, 2022).

Academics and practitioners have studied studies on products that affect profit in Islamic banking for a long time with inconsistent results. Several researchers have conducted several previous studies are differences in results. Several outcomes studies conducted by Lustiana et al., (2023); Farizky, (2021); Ismawati et al., (2021); Yusuf et al., (2019); suggest that there is a significant influence between third-party funds and financing on profits, but other studies reveal the opposite, namely research Salman, (2021); Kasmiri & Nurjaman,

(2021); Masruroh & Subagiyo, (2019). In this study, the authors added other operating income variables to fill the research gap in this study. The authors make financing an intervening variable between third-party funds and other operating income to profit.

Considering that Bank Mega Syariah has been recognized as one of the banks with the title "SEHAT" by Warta Ekonomi in the Indonesia Best Bank Award 2020 "Facing the Uncertainty & Transforming Business Sustainability" researchers are compelled to investigate the effect of third-party funds and other operating income on profits at this bank. Researchers use Bank Mega Syariah as a research location to determine whether the news is by what is happening in the field.

In contrast to previous research, which looked at the effect of third-party funds on net income from 2015-2021, the periodisation of this study is from 2012 to 2021. This research also includes other additional operating income variables. It uses the financing variable as mediation where the influence of third-party funds and other operating income to the net profit of Bank Mega Syariah with financing as an intermediary variable. Hence, this study examines how the third-party funds and other operating income affect Bank Mega Syariah. The financing variable as an intervening is one of the uniqueness of this study so that it can differentiate it from previous studies.

B. THEORITICAL
Profitability

Net profit is the excess of revenue over costs incurred in generating income. Net profit is an explanation that shows the company's losses or profits during a specific period. It also is interpreted as income generated from business activities (Jamhuriah & Nurhayati, 2021; Mas'ud et al., 2020). While profit after tax is often referred to as net profit. The net profit will be converted into estimated retained earnings and divided among the company's shareholders (Jamhuriah & Nurhayati, 2021).

Fuadi et al. (2022) doing research and find state that the exchange rate's profit significantly influences the Islamic bank's profit. Diana (2022) also researched net profit in Islamic banks, reveal that financing products and third-party funds positively and significantly influence the net profit of Islamic banks. Financing activities are supported by the third-party funds, one various resources that are useful for financing activities. Thus, the greater the funding from these

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third parties, the more Islamic banks can provide higher financing offers. The third-party funds obtained from the community allow it to be used or optimized as well as possible for the operational activities of Islamic banks and their efforts to realize the resulting profit.

Third-party funds

The third-party funds are one of the sources of bank funds collected from the public in the form of savings, demand deposits and time deposits to finance the real sector. These third party funds are the largest source of funds; the funds raised will be used for bank activities (Kustina et al., 2019; Sondakh et al., 2021; Sugianto et al., 2021). According to Law 21 of 2008, third-party funds a deposit of funds deposited by a customer at an Islamic bank with a wadi'ah contract and other contracts that do not conflict with Islamic law in the form of savings, time deposits and demand deposits.

Third-party funds collected will be channeled by the bank in the form of financing to achieve maximum profit, minimize risk, and maintain the security of bank liquidity. The more third-party funds collected from the public, the higher the number of funds channeled in the form of financing. From third-party funds directed by banks in the form of financing, banks will earn income that it will affect bank profits (Ikit, 2018). As a result, third-party funds positively influence the bank's annual profit. The quantity of funds obtained from third- parties will increase the company's net profit, and vice versa.

Previous research conducted by Harianto et al., (2022); Alimaini et al., (2022); Puspita et al., (2022); states that third-party funds have a positive and significant influence on financing, which means that the higher the third-party funds owned by a bank, the volume of financing will increase. In addition, research conducted by Kasmiri & Nurjaman, (2021); Dewisari & Nurjanah, (2021); Jamhuriah & Nurhayati, (2021); Suhikmat & Handayani, (2020) states that third-party funds have a positive and significant effect on profits in Islamic banks. Based on some of these previous studies, an increase in third-party funds will further increase the financing disbursed, the increased financing capacity disbursed by banks will lead to increased profits earned by banks (Buamona, 2022).

Other Operating Income

Revenue is a measure of how much money a company generates from its normal activities during a given period. An increase in equity will result in an increase in the company's overall financial condition. The company will eventually receive its own in which consists of the total inflows of economic benefits (Jaenab et al., 2021).

In sharia commercial banks, other operating income consists of sales and purchases of securities and administrative income. Bank income from bond issuance is a form of profit sharing obtained from the sale and purchase of securities. Administration income is the bank's income derived from administrative services to customers (Ansari, 2017).

Islamic banks generate other operating income, namely in from service fees such as clearing fees, transfer fees, billing fees, salary payment fees, ATM services and so on. All of them are wholly owned by Islamic banks. Research conducted by Muysaroh, (2022); Jaenab et al., (2021) states that operating income has positively and significantly affect set income. This shows that any increase in operating income earned by banks can increase Islamic banking profits.

Financing

It is widely known in the literature that the main source of income for Islamic banks is from the financing model. The financing models provided by Islamic banks are divided into two broad categories. The first category is based on the principles of equity and participation in profits and losses (profit-loss sharing) and includes two types of investment contracts namely Musyarakah and Murabaha. The second category is based on the principle of cost plus, or profit margin participation and is represented mainly by contracts such as Murabaha, Ijarah, Salam and Istisna. These forms can also be considered as debt-based financing (Belkhaoui et al., 2020).

Financing is the largest operational activity in the banking business that leads to achieving maximum profit. In general, financing means spending or financing refers to spending money to help fund previously planned investments. This can be done by the company or person who financed the investment (Afkar, 2017; Andrianto & Firmansyah, 2019).

Sharia financing is a distribution of funds to the public to help with problems of lack of funds used for various business with sharia principles. This financing can be used for working capital, investment, and consumption. This sharia financing is the distribution of funds determined at the advance of the

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contract so that the distribution of risks and conditions has been explained at the beginning (Afkar, 2017).

Research conducted by Lustiana et al., (2023); Pandapotan & Siregar, (2022); Sari & Akbar, (2021) states that financing has a significant influence on profits of Islamic banking. This shows that any increase or decrease in financing will affect the profit degree of Islamic banks. Financing that makes a profit or does not get a profit, of course, will ultimately affect the level of net profit obtained. In other words, the higher the financing distributed, the higher the income received by the bank. The incr income increase will affect the profit level profits (Siregar, 2021).

Based on the background, theoretical and empirical studies, the hypothesis is formulated as follows:

H1: Third-party funds have a significant effect on financing
H2: Other operating income has a significant effect on financing
H3: Financing has a significant effect on profit
H4: Third-party funds have a significant effect on profits
H5: Other operating income has a significant effect on profit
H6: Third-party funds have a significant effect on profits through financing
H7: Other operating income has a significant effect on profits through financing

C. METHODOLOGY

This research is a quantitative study using a purposive sampling method with the following criteria: Bank Mega Syariah whose financial statements have been audited by Bank Indonesia, Bank Mega Syariah which has issued reports for the financial year 2012 to 2021, Bank Mega Syariah, which already has information regarding third-parties funds, other operating income, financing, and net profit during 2012-2021. Secondary data was obtained through the website www.megasyariah.co.id. The data used in this study is the annual report of Bank Mega Syariah during 2012-2021. This study uses a multiple linear regression analysis methods. In addition, to test the intervening variables in this study, researchers used path analysis with the help of Microsoft Excel and SPSS 25. Path analysis is an extension of the regression model, which is used to analyse the relationship between variables to know the direct or indirect effect of the set of independent variables on the dependent variable. The following is the path analysis model used in this study:
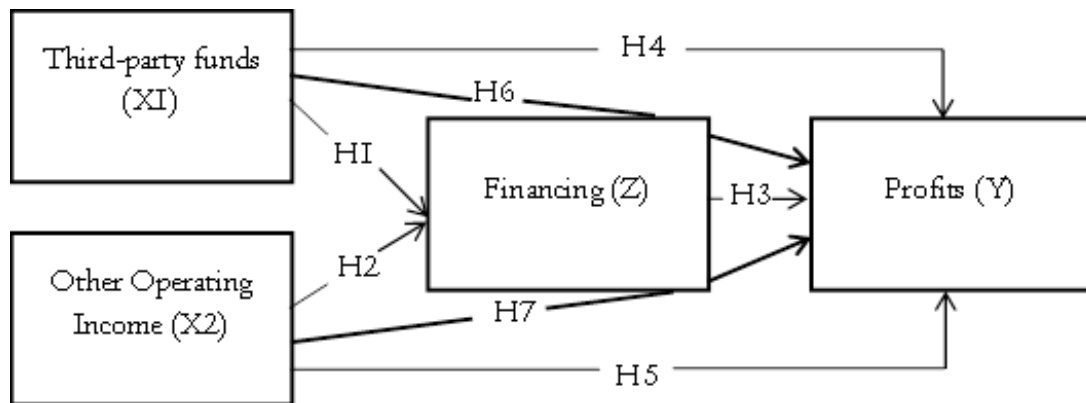
Figure 1. Path Analysis Model

D. RESULTS AND DISCUSSION
RESULTS
Descriptive Statistics Test

Table 1. Descriptive Statistical Test Results

	N	Minimum	Maximum	Means	std. Deviation
Profits	10	12224.00	537707.00	131097,1000	154083,84320
Third-party funds	10	4354546.00	11715792.00	6686306,1000	2109457,79902
Other Operating Income	10	150098.00	615364.00	318663,9000	152683,66925
financing	10	4211473.00	7239515.00	5586748,6000	1057398,32224
Valid N (listwise)	10				

Based on the results of the descriptive statistical test in terms of the object of this study, namely Bank Mega Syariah, it was found that profits showed a mean value of IDR 131.1 billion, a standard deviation value of IDR 154.1 billion, the lowest profit value of IDR 12.2 billion and the highest profit value of IDR 537.7 billion. Third-party funds showed a mean value of IDR 6.7 trillion, a standard

deviation value of IDR 2.1 trillion, the lowest third-party funds value was IDR 4.4 trillion and the highest third-party funds value was IDR 11.7 trillion. Other operating income shows a mean value of IDR 318.7 billion, a standard deviation value of IDR. 152.7 billion, the lowest value of other active income was IDR 150.1 billion, and the highest value of other operating income was IDR 615.4 billion. Financing shows a mean value of IDR 5.6 trillion,

Normality test

The normality test is used in this study to determine whether the research data is normally distributed by looking at the probability value. The data used is normally distributed only if Asymp. Sig. less than 0.05 and vice versa (Pandoyo & Sofyan, 2018). The findings of the research normality test are as follows:

Table 1. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardised Residuals
N		10
Normal Parameters, b	Means	0.0000000
	std. Deviation	53471,27631862
Most Extreme Differences	absolute	0.183
	Positive	0.158
	Negative	-0.183
Test Statistics		0.183
asymp. Sig. (2-tailed)		.200c,d

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

Based on Table 2, the Kolmogorov Smirnov method's normality test resultsd produce an Asymp value. Sig is greater than the α level (0.200 > 0.05), which means that the data used in this study are normally.

Multicollinearity Test

The multicollinearity test is run to determine whether the independent regression model's independent variables are correlatedlerance value is greater than 0.10 and the VIF value is lest than 10.00, multicollinearity does not occur (Pandoyo & Sofyan, 2018). The results of the multicollinearity test are shown in the table below.

Table 2. Multicollinearity Test Results

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
Model		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-336443,166	154436,517		-2,179	0,072		
	Dana Pihak Ketiga	0,073	0,018	1,001	3,979	0,007	0,317	3,152
	Pendapatan Operasional Lainnya	0,181	0,154	0,180	1,181	0,282	0,865	1,156
	Pembiayaan	-0,014	0,038	-0,097	-0,374	0,721	0,298	3,352

a. Dependent Variable: Laba Bersih

Table 3 shows the results of the multicollinearity test, where in the tolerance table it can be seen that there is no tolerance value lower than 0.10 and in the VIF table it is seen that there is no VIF value higher than 10. Hence, the conclusion is that multicollinearity problems do not occur in this research.

Autocorrelation Test

This auto correlation test aims to test whether in the regression model there is a correlation between the interference errors in period t and the interference errors in the previous t-I period (Pandoyo & Sofyan, 2018). Such as seen in the table below, the test results for the auto correlation test.

Table 3. Auto Correlation Test Results

Summary model

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
I	.938a	0.880	0.819	65488,67144	1.535

a. Predictors: (Constant), Financing, Other Operating Income, Third-party

funds

b. Dependent Variable: Profits

$dU = dUk,n,\alpha$ $= dU3,10,5\% = 2,0163$

$4\text{-}dU$ $= 4 - 2.0163$

$= 1.9837$

d $= 1.535$

dL $= 0.5253$

Based on table 4 and the calculation results above, it shows that dL<d<dU (0.5253<1.535<2.0163) so in this case it does not produce a definite conclusion.

Heteroscedasticity Test

The heteroscedasticity test determines whether the residual variables in the regression model differ significantly between different observations (Pandoyo & Sofyan, 2018). The results of the heteroscedasticity test are listed in the table below:

Table 4. Heteroscedasticity Test Results

Coefficientsa

Model	Unstandardized Coefficients B	std. Error	Standardized Coefficients Betas	t	Sig.
1 (Constant)	91733,018	60802,966		1.509	0.182
Third-party funds	0.007	0.007	0.671	1.020	0.347
Other Operating Income	-0.045	0.061	-0.298	-0.747	0.483
financing	-0.014	0.015	-0.660	-0.974	0.368

a. Dependent Variable: RES_2

In table 5, it can be concluded that the research data is free from the problem of heteroscedasticity, as evidenced by the residual absolute value of all independent variables, which is greater than the significance level of 0.05.

Regression Test

Based on estimates using SPSS 25 software, the following results are obtained:

Table 5. Financing Regression Test

Coefficientsa

Model	Unstandardized Coefficients B	std. Error	Standardized Coefficients Betas	t	Sig.
1 (Constant)	3375981,404	869809,066		3,881	0.006
Third-party funds	0.401	0.104	0.801	3,876	0.006
Other Operating Income	-1.486	1,431	-0.215	-1.038	0.334

a. Dependent Variable: Financing

Table 6. Profit Regression Test

Coefficientsa

Model	Unstandardized Coefficients B	std. Error	Standardized Coefficients Betas	t	Sig.
1 (Constant)	-336443,166	154436,517		-2,179	0.072
Third-party funds	0.073	0.018	1,001	3,979	0.007

Other Operating Income	0.181	0.154	0.180	1,181	0.282
financing	-0.014	0.038	-0.097	-0.374	0.721

a. Dependent Variable: Profits

Based on table 6, a regression equation for financing can be formed, namely:

$Z = a + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$

$Z = 3,375,981.404 + 0.401 X_1 - 1.486 X_2 + \varepsilon$

Based on table 7, a regression equation for profit can be formed, namely:

$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z + \varepsilon$

$Y = -336,443.166 + 0.073 X_1 + 0.181 X_2 - 0.014 Z + \varepsilon$

T-test

The t-test illustrates that the magnitude of the independent variables individually can influence the dependent variable. In the t-test, it is necessary to compare the value of t-count with t-table. It can be concluded that each independent variable significantly affects the dependent variable if t-count > t-table.

Referring to table 6, the value of df = nk-1 can be obtained df = 10-2-1 = 7 and the significance level (α) is 5%, so the t-table value is 2.365. Table 6 shows that the count value of third-party funds is greater than ttable (3.876 > 2.365), but if the significance value is lower than the alpha value (0.006 <0.05) then H1 is accepted, meaning that third-party funds have a significant effect on financing. The t-count value for other operating income is smaller than t-table (-1.038 <2.365) but the significance value is greater than alpha (0.334 > 0.05) so H2 is rejected, which indicates that other operating income has no significant effect on financing.

Referring to table 7, the value of df = nk-1 can be obtained df = 10-3-1 = 6 and the significance level (α) is 5%, so the t-table value is 2.447. Table 7 shows that financing has a t-count smaller than t-table (-0.375 <2.447) while its significance value is greater than the alpha value (0.721 > 0.05), so H3 is rejected, which means financing has no significant effect on profit. Third-party funds have a t-count greater than ttable (3.979 > 2.447) while the significance value is smaller than the alpha value (0.007 <0.05) then H4 is accepted, which

means third party-funds have a significant effect on earnings. Other operating income has a t-count smaller than t-table (1.180 <2.447) while its significance value is greater than the alpha value (0.283 > 0.

F-test

F-test is a test to test whether or not there is influence of independent factors on the dependent variable at the same time using SPSS.

Table 7. Substructure F Test Results I

ANOVAa

Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	7061084085377,920	2	3530542042688,960	8,233	.014b
	residual	3001736821424,480	7	428819545917,783		
	Total	10062820906802,400	9			

a. Dependent Variable: Financing
b. Predictors: (Constant), Other Operating Income, Third-Party Funds

Table 8. Substructure F Test Results II

ANOVAa

Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	187940639033,751	3	62646879677,917	14,606	.004b
	residual	25734730033,150	6	4289121672,192		
	Total	213675369066,900	9			

a. Dependent Variable: Profit
b. Predictors: (Constant), Financing, Other Operating Income, Third-Party Funds

Table 8 states that simultaneously third-party funds and other operating income have a significant influence on financing because the value of F table (df1=2, df2=7) is 4.74, so F-count is higher than F-table (8.233 > 4.74).

Furthermore, in table 9, it states that simultaneously third-party funds, other operating income and financing have a significant effect on profits because the value of F-table (df1=3, df2=7) is 4.76, so F-count is higher than F-table (14.606 > 4, 76).

Determination Coefficient Test

The coefficient of determination is used in this study to evaluate how well a model can account for changes in the dependent variable. The processing results of the coefficient of determination in this study are as follows:

Table 9. Substructure Determination Coefficient Results I

Summary models

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
I	.838a	0.702	0.616	654843,14604

a. Predictors: (Constant), Financing, Other Operating Income, Third-Party Funds

Table 10. Substructure Determination Coefficient Results II

Summary models

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
I	.938a	0.880	0.819	65491,38624

a. Predictors: (Constant), Financing, Other Operating Income, Third-Party Funds

Based on table 10, the coefficient of determination ($R2$) is 0.702, which means that 70.2% of the effect of the dependent variable (financing) can be explained by independent variables (third-party funds and other operating income) and the remaining 29.8% can be influenced by additional factors that not covered in this study. Then in table 11, the coefficient of determination ($R2$) is 0.880 which means that 88% of the influence of the dependent variable (profit) can be explained by independent variables (third-party funds, other

operating income and financing) and the remaining 12% can be influenced by additional factors that are not covered in this study.
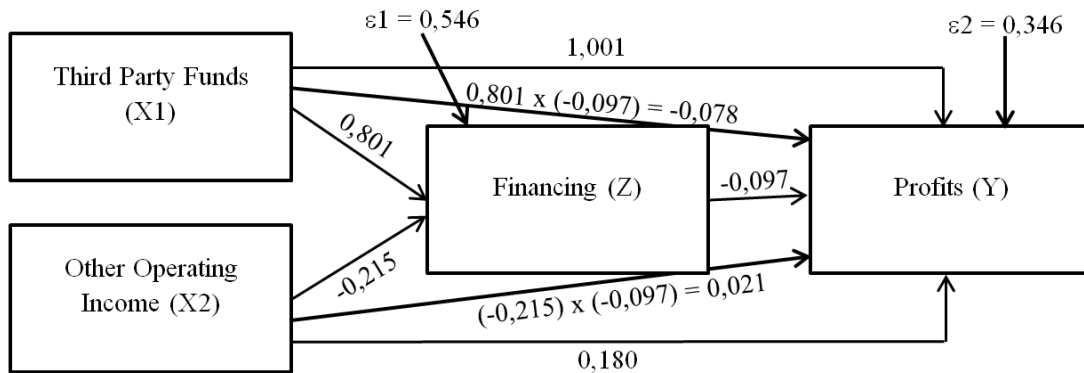
Path Analysis

Figure 2. Path Analysis

Path analysis is used to analyze the path of interaction between variables with the aim of knowing the direct and indirect effects. Based on figure 2, it shows the results of the direct influence of third-party funds on profits of 1.001, while the indirect effect of third-party funds on profits through financing is -0.078, so that the total effect of third-party funds on profits is 0.923. The direct effect of other operating income on profits is 0.180, while the indirect effect of other operating income on profits through financing is 0.021, so that the total effect of third-party funds on profits is 0.201.

DISCUSSION
Effect of Third-Party Funds on Financing

The effect of third-party funds (X1) on financing (Z) is proven to have a path coefficient of 0.801 with a significance value of 0.006 <0.05 according to the findings of the path analysis test. The test results show that H1 or the first hypothesis is correct and third-party funds have a significant influence on Bank Mega Syariah financing. The findings of this study are strengthened by Harianto et al., (2022) who claim that the increase in the total overall financing of sharia business units in Indonesia is significantly influenced by third-party funds.

The amount of third-party funds that a bank can collect will affect its ability to provide credit, because according to Kasmere, (2010) that the third party-funds constitute the largest portion of all available sources of financing. Collecting third-party funds is the first step taken by banks before channeling

financing to the public. The size of the third-party funds will determine how much financing Islamic banks offer to the wider community. With qualified human resources, financing will increase if TPF increases, and vice versa if third-party funds decreases, financing will also decrease.

This study found that if the third-party funds change, the financing will also change. This is due to the fact that banks will manage money received from third-parties by channeling it into financing or loans, which allows banks to generate profits by channeling loans to the general public.

Effect of Other Operating Income on Financing

From the results of the path analysis test, it is known that the path coefficient of the influence of other operating income variables (X2) on financing (Z) is -0.215 with a significance level of 0.334 > 0.05. The test results show that H2 or the second hypothesis is not proven, which indicates that other operating income has no significant effect on financing. Changes in the ups and downs of other operating income do not necessarily have an impact on how big the allocation of Bank Mega Syariah funds is for financing.

The total amount of loans extended to consumers by banks constitutes the total distribution of financing. In other words, the possibility that a bank will be able to earn income depends on how much financing it can provide or distribute, conversely the less financing provided, the less income the bank generates. However, in this study, an increase in other operating income could not increase financing. This is due to the ineffectiveness of the distribution of income earned for financing so that it cannot increase the distribution of financing.

This research is an innovation in research that evaluates the determinants of other operating income on financing, because this has never been done before. As research conducted by Siwi et al., (2019), some researchers previously only looked at other operating income variables on the distribution of credit demand and how income affects credit distribution.

The Effect of Financing on Profits

Based on the results of the path analysis test, the effect of the financing variable (Z) on profit (Y) has a path coefficient of -0.097 and a significance value of 0.721 > 0.05. The test results show that H3 or the third hypothesis, is refuted and financing has no significant impact on earnings. Sari & Akbar, (2021)

conclude that mudharabah financing has no real impact on the net profit of Islamic banks, it means supports the findings of this study.

The size of Bank Mega Syariah's profit is not affected by the ups and downs of financing. As a result of inefficient distribution of financing, while the sources of funds owned continue to increase and cause funds to settle, resulting in reduced profits (Masruroh & Subagiyo, 2019). As a result, financing has little impact on Bank Mega Syariah's profits.

Effect of Third-Party Funds on Profits

Based on the findings of the path analysis test, the effect of third-party funds (X1) on profit (Y) has a path coefficient of 1.001 and a significance value of 0.007 <0.05. The test results show that H4 or the fourth hypothesis which states that third-party funds have a significant effect on earnings received.

This shows that an increase in third-party funds will result in an increase in profit. Funds obtained from various types of savings are considered productive if they can be used for financing or other comparable mechanisms that can boost income. This study supports Arifin's theory that bank managers always try to increase their income or profits by investing as much as possible with available capital. Third-party funds are the bank's main source of funding, so if you want to get the maximum profit, the bank must make every effort to be able to maintain and manage these funds properly (Arifin, 2003). The study findings are supported by Suhikmat & Handayani, (2020) which claims that third-party funds significantly boost profits. Meanwhile, there are differences between these findings and research Kasmiri & Nurjaman, (2021) who found that profits were not sufficiently influenced by third-party funds.

Effect of Other Operating Income on Profit

The path analysis test results obtained a path coefficient of 0.180 with a significance value of 0.283 > 0.05 for the effect of other operating income variable income (X2) on profit (Y). The test results show that H5 or the fifth hypothesis is refuted which shows that other operating income has no significant effect on profit. According to Jaenab et al., (2021) net profit is significantly affected by the operational income of Bank Muamalat Indonesia. This study directly contradicts these findings.

Bank Mega Syariah's profit is not sufficiently affected by fluctuations in other operating income. This is because not all businesses will experience an increase in profit along with an increase in operating income. Other elements that

contributed to the decline in profit include the increase in operational costs. If the operating income generated by the bank is not managed properly, net profit cannot increase (Ramadhani & Rahman, 2021). As a result, Bank Mega Syariah's profit is not too affected by other operating income.

Effect of Third-Party Funds on Profits Through Financing

The results of the path analysis show that X1 has an effect of 1.001 on Y, while X1 through Z has an effect of 0.081 x (-0.097) = -0.078 on Y which is the multiplication of Beta X1 on Z and the effect of Beta Z on Y. Therefore, the combined effect of X1 on Y consists of direct and indirect effects or 1.001 + (-0.078) = 0.923.

The test results show that H6 or the sixth hypothesis in this study is refuted, which states that the effect of third-party funds on the profits of Bank Mega Syariah through financing is not significant. So financing is not able to mediate the impact of third-party funds on profits. This is because the higher the third-party funds can affect profits. However, financing cannot affect profits. The higher the level of third-party funds that can be collected, it will only be able to increase the profit earned by the bank if it is managed properly through optimal financing distribution.

The Effect of Other Operating Income on Profits Through Financing

The results of the path analysis show that X2 has an effect of 0.180 on Y. In contrast, X2 through Z has an effect (-0.215) x (-0.097) = 0.021 on Y which is the multiplication between Beta X2 on Z and the impact of Beta Z on Y. Therefore, the combined effect of X2 on Y consists of direct and indirect impact or 0.180 + 0.021 = 0.201.

The test results show that H7, or the seventh hypothesis in this analysis, is refuted, which states that financing-mediated other operating income has no significant effect on Bank Mega Syariah's profits. So financing is not able to mediate the impact of other active income on profits. This is because the higher other operating payment and financing cannot affect profits. The higher the level of other operating income that is successfully obtained by the bank, it can only affect profits if it is managed properly and optimally.

E. CONCLUSION

This study examines and analyses the effect of third-party funds and other operating income on profits at Bank Mega Syariah with financing as an intervening variable. Referring to the data testing and discussion, the following conclusions can be drawn: Partially third-party funds significantly affect financing. However, other operating income partially has little effect on financing. Furthermore, partially third-party funds have a significant influence on profits. Other operating payment and financing do not significantly affect profit. Then financing cannot mediate the effect of third-party funds and other active income on earnings during the study period.

Based on the research that has been carried out, the researcher tries to provide suggestions for further study, it is essential to add several other variables and increase the number of research samples that are not only focused on one research object to obtain a more comprehensive and accurate measurement of variables. Like other research, this research has limitations that can provide opportunities for further investigation. First, the data used in this study only covers one Islamic bank, so the possibility of generalizing findings from other contexts remains limited. Second, there is still a limited number of references regarding other operating income variables in one study. Therefore, researchers suggest that further research can examine other factors that may affect banks with a wider scope of research objects.

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