Diversification of Financing as an Effort to Increase Profitability at Islamic Comercial Banks in Indonesia

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Abstract: This study aims to see the picture and the effect of diversification of bank financing on profitability in Islamic Commercial Banks in Indonesia for 2013-2018. ROA profitability during the last six years has fluctuated and tends to decline. This is due to the high level of problem financing. The research method used in this research is the causality method with a quantitative approach. The population in this study is Sharia Commercial Banks in Indonesia. The method used for sampling in this research is purposive sampling with a total sample of ten BUS in Indonesia for six years of research. The data used is secondary data. The statistical analysis technique used in this study is panel data regression analysis using Eviews 9. The dependent variable in this study is profitability with ROA ratios, and independent variables in this study are diversification of contract type financing, financing diversification of types of use, and diversification of economic sector financing. The level of diversification in this study uses the Hirschman Herfindahl Index (HHI) formula. The results showed that the Diversification of Financing Contract Type had a negative effect on profitability, the Diversification of Financing Type of Use influenced the profitability of ROA with a positive direction, and the Diversification of Financing the Economic sector had a positive effect on profitability.

Keywords. Diversification of Financing, Profitability, Return on assets (ROA), Hirschman Herfindahl Index (HHI).

INTRODUCTION

The Bank is a business entity that raises funds from the community in the form of deposits and channels it to the community in the form of financing or other forms to improve people's living standards. Under the provisions of article 3 of law No. 21 of 2008 on sharia banking, the purpose of channeling by sharia banking is to support development, increase fairness, togetherness, and equitable people's welfare (Wangsawijaya, 2012).

In carrying out the function, sharia banks require community confidence. One of the prerequisites for developing that trust is the availability of sufficient information to all users. Essential sources of information are the financial statements of Sharia bank. One of the information in the financial statements is profitability (Emilda, 2016).

The reason for the profitability selection on financial statements is because profitability reflects the company's success in achieving the established operational objectives so that the value of profitability can be seen of its bank performance, and profitability is used as an indicator to assess the operational performance of the company (Sayekti, 2015).

Profitability can be measured by asset increase or Return On Asset (ROA), which financial analysis and used to measure the profitability of the Bank. In this case, Bank Indonesia as a coach and banking supervisor sees the profitability assessment of a bank measured by an asset where the funds are primarily of a public saving fund. The larger a bank ROA, the greater the level of profit of the Bank, and the better the position of the Bank in terms of asset use, making it easier to analyze and predict profitability (Dendawijaya, 2009).

The growth of profitability indicates the optimal performance of the Bank to produce assets from the operational activities of the Bank (Tanrio, 2016). Therefore, the research uses the growth of profitability (ROA) as a benchmark for the performance of Sharia banks, especially the Sharia General Bank (BUS). The following is the data on the growth table of profitability issued by Sharia Bank, which is contained in the annual financial report on ten sharia banks in Indonesia:

Table
The growth of the profitability of Sharia general Bank in 2016-2018

BUS	2016	2017	2018
BRIS	0,95	0,51	1,59
BSM	0,59	0,59	0,88
BMS	2,63	1,56	0,93
BPDS	0,37	-10,77	0,26
BSB	0,63	0,63	1,28
BVS	-2,19	0,36	0,32
BCAS	1,17	1,17	1,1
BNIS	1,44	1,31	1,42
Maybank	0,63	0,63	1,28
BMI	0,22	0,11	0,08

Source: Annual financial report of Syariah Private Bank (2018)

The data in table 1 shows that the growth in the profitability of ROA in ten sharia banks above for the last three years, 2016-2018, fluctuated and tended to decline. Can be seen from the data above the Bank that has reached the health standards of ROA is > 1.5% and has been said healthy in the year 2016 and 2017 is Bank Mega Syariah with the profitability of ROA 2.83% down to 1.56%, in the year 2018 Bank Mega Syariah Decreased back to 0.93%, and achieving the health standards of ROA in 2018 was BRI Syariah, 1.59%, for other banks still under the standards of ROA's health.

The phenomenon of decreasing profitability (ROA) indirectly considers that banking performance is not optimal. The effect of decreasing profitability growth will decrease the trust of the Bank from the community so that the community will be more cautious about saving the money at the Bank. The Bank should make efforts to re-increase profitability to gain trust from the community (Tanrio, 2016).

The low level of profitability in BUS is due to the high number of problematic Financing (OJK, 2019), so that the Bank must find a strategy that can be used to overcome such risks. Therefore, one of them is to require the Bank to apply the principle of prudence, among others, by conducting a distribution or diversification of the provided portfolio of funds as stipulated in PBI No. 7/3/PBI/2005 concerning The maximum credit limit (BMP) is the diversification of financing, expected to reduce the likelihood of problematic financing so that profitability will increase (Christianti, 2011).

Financing is one of the products in Sharia banks. As an intermediation institution, the Bank must raise funds from an overfunded community that is then channeled to the community that needs funds in Financing (Muhamad, 2011). Financing will affect the increase in bank profitability. The Bank will earn revenue from the financing given to its customers to affect the profit it will generate. The higher the financing, the higher the profitability of the Bank (Ismail, 2013).

Sharia banking has a variation agreement, which can be an excellent opportunity for the sharia bank industry to grow. Unlike conventional banking, sharia banking with various contracts can create diversified products that are narratively diversified products on Financing (Masruroh, 2018).

Therefore one of the goals of diversification is to regulate the risks that are likely to occur without prejudice to the profitability. In Sharia banking institutions, this diversification should be used to break down existing risks. When sharia banks only prioritize financing products with low risk, the profits gained are also low. Conversely, suppose sharia banks can manage financing products at higher risk. In that case, the profits gained will also be higher because if sharia banks only manage and prioritize one product with low risk but a profit Also low, it will inhibit the growth of Sharia banks' profitability (Sari, Wiratno, & Suyono, 2014).

This research aims to know the overview of profitability and diversification of financing and prove the impact of diversified financing on the profitability of sharia Bank in Indonesia.

LITERATURE REVIEW
THEORETICAL FOUNDATION
1. Diversification

According to the dictionary, Bahasa Indonesia (KBBI), language diversification can avoid dependence on activity, products, services, or investments. Diversification is defined as a form of solution to avoid risk and increase profits. The portfolio and diversification of investment are seen as increasing investment by placing funds on more than One business place or more than one securities.

Diversification is the expansion or addition of goods or services to increase the profitability of the company. Diversification can also be done by opening a new line of business, expanding the existing product line, expanding the product marketing area, opening branch offices, mergers and acquisitions to improve the economic scale, and other ways.

Diversification of financing products is an effort to search for and create new products or markets, or both, in order to increase sales through the conformity of products, either through new product developers or developing Existing products to pursue growth, increased sales, profitability, and flexibility (Widodo, 2011).

The diversification of Financing in Sharia banks can be seen in some financing, i.e., diversification of financing by type of contract, diversification of financing based on usage, and diversification of financing by economic sector

1. Diversification of Financing by type contract

the other financing classification is based on the agreement used. The transaction or financing made on sharia banks is a transaction for the outcome in the form of Mudharabah and Musyarakah. Rent transactions in the form of Ijarah or rental buy in the form of Ijarah Muntahiya Bittamlik; Buy and sell transactions in the form of accounts receivable Murabahah, Salam, and Istishna; Borrow transactions in the form of receivables Qardh; Lease transactions in the form of Ijarah for multiservice transactions (Masruroh, 2018).

2. Diversification of Financing based on financing use

Diversification of Financing based on the type of use is divided into three, namely working capital financing; Investment financing, financing. According to the nature of its use, financing can be divided into two things, namely productive financing is the financing shown to meet the needs of production in the broad sense for the improvement of business, whether production, trade, and investment (Karim, 2014).

Limited business and working capital cause the difficulty to develop a business, with financing based on the type of use provided by the Bank to the customer will affect the development of the customer's business. The development of a customer's business can be seen through the income earned by the customer, whether the customer's business revenue is increasing or decreasing (Masruroh, 2018).

3. Financial diversification based on economic sectors

The financing classification based on the economic sector is divided into several sectors, namely agriculture, forestry, and agricultural facilities; Mining, industrial, electricity, gas, and water; Construction Trade, restaurants and hotels; Transportation, warehousing, and communication; Business world Services; Social/community services; and others (Kuncoro & Suhardjono, 2012).

Growing and expanding the Bank's financial institution in the economy, determined by the magnitude of the profit level gained from its operational activities, and the profit level reflects the number of incentives that banks earn during the run of its intermediate functions. Achieving high-profit rates for bank businesses can be influenced by several factors. The profitability of sharia banks measured by the business's net profit can be influenced by the Bank's financial performance. Moreover, the macroeconomic conditions occurring in the economy, therefore the more the level of diversification done by banks, Macroeconomic conditions will increase, and the profit gained will be higher (Mukhlis, 2010).

2.   Sharia Bank Financing

Sharia financing is the awarding of loans or financing for customers based on the principle of the outcome, buying and selling, leasing, which is free of interest and provides security because those given to customers are non-money items and do not. There is a set interest burden in advance.

Financing or financing is the funding provided by a Party to other parties to support the planned investments, both alone and in the institution. Financing is funding conducted by financing institutions such as banking institutions. In other words, financing is the funding issued to support the planned investments (Wangsawijaya, 2012).

LAW No. 10 of 1998 mentioned that financing based on the sharia principle is the provision of money or bills likened to it based on the agreement or agreement between the Bank and the other party that requires the financed party to return money or bills after a certain period in return for the outcome.

3.   Profitability

According to Cashmere (2012), the profitability ratio is the ratio to assess the company's ability to seek profit. This ratio also provides a measure of the effectiveness of a company's management. This is demonstrated by the profit generated by the sales and investment income.

According to Ismail (2011), profitability is a ratio or comparison to determine the company's ability to gain profit from earning that is, sales, assets, and equity-based on a specific measurement basis. Profitability is also the ability of a company to generate profit from its operating activities resulting from its business activities over a certain period.

From the above definition, the ratio of profitability is the ratio used to measure the ability and success of the company in gaining profit in conjunction with sales, assets, or investments.

The relevant measurement ratios used in measuring profitability are (ROA). According to Fahmi (2012), ROA can see the investments that have been implanted to provide a return on profit as expected, and the investment is the same as the company assets that are implanted or placed. This is because assets are a wealth of banks whose funds are derived from most public storage funds. The efficiency of asset use in generating profits can be demonstrated from the growing amount of ROA owned by the company.

Return on Assets (ROA), often referred to as an asset return rate, is the profitability ratio that shows the percentage of profit (net profit) that the company acquired regarding the entire resource or the average number of assets. ROA is the ratio used to determine the ability of the Bank to make a profit from the management of assets owned by the Bank (Umam, 2013).

According to (Yuliani 2012), ROA measures its effectiveness in making profits by utilizing its assets.

The analysis of this component aims to measure the success of management in profit-earning. The smaller the ratio indicates a lack of bank management capability in managing assets to increase revenue and reduce costs. The formula is as follows:

From the above formula is obtained matrix of ranking criterion criteria as follows:

Table
Matrix of earning rating criteria (ROA)

Ranking	Description	Criteria
1	Very healthy	ROA > 1,5%
2	Healthy	1,25% ≤ ROA < 1,5%
3	Healthy Enough	0,5% ≤ ROA < 1,25%
4	Less Healthy	0% ≤ ROA < 0,5%
5	Unhealthy	ROA ≤ 0%

Source: Codification of Bank Health Level Assessment (Bank Indonesia, 2014)

PREVIOUS RESEARCH

This is reinforced by Ari Christanti (2011) research that diversification based on economic factors increases profitability. In addition, there is another study conducted by Novika Andriani (2013) stating that the credit portfolio simultaneously affects the quality of credit and profitability. Stefania P. S Rossi, DKK (2009) conducts research and finds evidence that credit diversification can reduce risk, cost efficiency, increase profit efficiency, and reduce capital.

Suppose Sharia banking in Indonesia can increase product diversification, manage its products evenly, and not focus on only one product. In that case, it will give a particular advantage for sharia banks, one of which is with the increasing profitability of Sharia banks. The more diversified the product, the higher the profitability of Sharia banks, while in Indonesia, the diversification of products is still uneven. The profitability of Sharia banks in Indonesia is still dominated by the revenue from one product (Christianti, 2011).

RESEARCH METHODS

The methods used in this study are quantitative approaches. Quantitative research According to (Suryani & Hendryadi, 2015), research using a numerical analysis of data to develop mathematical models and theories or hypotheses related to the phenomenon investigated by Researchers. Based on the method used in this quantitative approach, this research is a causality study. The research design used in this study is an exploitation research design. Explosionational research is a method used to dig, identify and analyze the magnitude of the influence between two or more variables, either partially or in total or intact the influence of each factor or dimension of Research variables (Muhammad, 2013). This study test whether diversification of financing type of contract, diversification of the type of financing used, and diversification of ecological sector financing affect the profitability variables.

The population in the study is the sharia Bank in Indonesia, which is 14 sharia Bank. The sampling technique uses purposive sampling. The samples used in this study are 10 BUSES that meet the essential sampling criteria: the Bank that publishes financial statements from 2013 to 2018. The data used in this study are secondary data obtained from each sharia bank website published during the year 2013-2018.

The analytical techniques used in this study were by analyzing the data-regression panel by combining time series with the cross-section into one observation. The data panel is a combination of time series data and cross-section (Rohmana, 2013). In the analysis, use the calculation automatically through the application program IE Eviews 9.0

DISCUSSION
Overview of Research Variables
Growth of Profitability (ROA) Sharia Bank in Indonesia

The growth of the profitability of ROA in Sharia Bank for the last six years 2013-2018 fluctuated and tended to decline by an average of 0.0157, which means that the criteria for health ratings are ranked fifth with the criteria ≤ 0% and said Unhealthy. It can be seen from the data above that the Bank that has reached the health level of ROA is > 1.5% and has been said healthy in the year 2013 is Maybank is 2.87%. Bank Syariah Mandiri (BSM) amounted to 1.53% and Bank Mega Syariah is amounting to 2.33%. In the year 2014 that reaches the health level of ROA is the Bank Panin Dubai Syariah, namely 1.99% and Maybank at 3.61%, but in 2015 Maybank suffered a high enough decline to be at-20.13%. In the year 2015, there is no BUS for which profitability reaches ROA's health level. While in the year 2016, the profit reaches the health level of ROA is Bank Mega Syariah with a profitability level of 2.83% than in 2017, down to 1.56%. In the year 2018, Bank Mega Syariah decreased back to 0.93%, which reached the health level of ROA in 2018 was BRI Syariah, which amounted to 1.59%, for other banks still under the health standards of ROA. What resulted in declining profitability levels was the acquisition of smaller revenues compared to the burden incurred to increase profitability by increasing revenues and Minimizing the load.

Diversification of financing products

Bank Indonesia Regulation (PBI) requires the Bank to apply prudence principle, among other things, by conducting distribution or diversification of the provided portfolio of funds as stipulated in PBI No. 7/3/PBI/2005 On the maximum limit of credit awarding (BMPK), diversified financing. It is expected to reduce the likelihood of problematic financing to increase profitability (Christianti, 2011).

It is backed by a statement (Ismail, 2013) Financing diversification will affect increasing bank profitability. The Bank will earn revenue from the financing given to its customers to affect the profit it will generate. The more diversified the financing rate, the higher the profitability of the Bank.

Diversification of financing types of contract

The development of financing diversification based on the type of contract in 2013 to 2018 on ten sharia banks in Indonesia is high diversification. The diversification indicators approaching the number 0 tend to be high, which approximates the number 1 below. From the above data, the average of the ten sharia banks in Indonesia in the year 2013-2018 is 0.694 that tends to be high. Thus, it can be concluded that sharia Bank has spread for financing based on usage type so that the high level of diversification type will affect the profit it generates. The more diversified the financing level, the higher the profitability rate.

Diversification of Use Type financing

The development of financing diversification based on the type of contract in 2013 to 2018 on ten sharia banks in Indonesia is high diversification. The diversification indicators approaching the number 0 tend to be high, which approximates the number 1 below. From the above data, the average of the ten sharia banks in Indonesia in the year 2013-2018 is 0.694 that tends to be high. Thus, it can be concluded that sharia Bank has spread for financing based on usage type so that the high level of diversification type will affect the profit it generates. The more diversified the financing level, the higher the profitability rate.

Diversification of economic sector financing

The development of financing diversification based on the economic sector from 2013 to 2018 in ten sharia banks in Indonesia is high diversification. The diversification indicators approaching the number 0 tend to be high, and Approximating the number 1 tends to be below. From the above data, the average of the ten sharia banks in Indonesia in the year 2013-2018 is 0.780, which tends to be high. Thus, it can be concluded that the sharia bank has been spreading for financing based on the economic sector. The high level of diversification of the economic sector will affect the profit it generates—the more diversified the financing level, the higher the profitability rate.

Results Assumption Classic

Test Multicollinearity

Multicollinearity is the condition of a linear relationship between independent variables. When the correlation relationship between variables has a high coefficient that is greater than 0.80, it can be suspected that there is a linear relationship between the variables, or it can be said that the variables are exposed to symptoms Multicollinearity. Multicollinearity test results will be presented as follows:

Table
Multicollinearity Test Results

	Div.Akad	Div.Penggunaan	Div.Economi
Div.Akad	1.000000	0.080812	0.281680
Div.Penggunaan	0.080812	1.000000	-0.562068
Div.Ekonomi	0.281680	-0.562068	1.000000

Source: Data Research Results (2019)

Based on the results of the multicollinearity test in table 3, all variables have a low coefficient that is below 0.80, so it can be concluded that there is no multicollinearity in the study. This means between diversified variables of financing type of contract, diversification of financing type of use, and diversification of the financing of economic sectors unrelated.

Heteroskedasticity Test

The heteroskedasticity test aims to test whether there is a variance inequality of the residual in a regression model, from one observation to another. The method used to detect heteroskedasticity in this study using the Park method replaces the

variable with the residual square value. If through the hypothesis testing through test-T against the independent variable ≤ 0.05 then the model is exposed to heteroskedasticity, conversely if > 0.05 then the model does not occur heteroskedasticity

(Rohmana, 2013). The test results of heteroskedasticity are as follows:

Table Test Heteroskedasticity

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.196070	0.999493	2.197184	0.0322
Div.Akad	0.333212	0.291158	1.144438	0.2573
Div.Penggunaan	-0.542892	0.540606	-1.0042228	0.3196
Div.Ekonomi	-0.223687	0.360965	-0.619692	0.5380

Source: Data Research Results (2019)

Based on table 4. It appears that the probability of each variable > 0.05, namely variable financing diversification type contract, diversified financing type of use, and the diversification of economic sector financing probability value greater than 0.05. It can be concluded that all variables do not occur heteroskedasticity.

Panel Data Regression Model selection Test Chow

Chow Test Used to select both models that are most appropriate for use in data regression panels between Common Effect models and Fixed Effect models. participated is the result of the test chow:

Table Chow test Result

Effects Test	Statistic	d.f.	Prob.
Cross-section F	7.589798	(9,47)	0.0000
Cross-section Chi-square	53.847645	9	0.0000

Source: Data Research Results (2019)

From the above results can be noted that the chi-square value is 0.0000, which is the value is smaller than the alpha value of 0.05. From these results it can be concluded that the exact model for the data regression panel is Fixed Effect Model, which means H0 rejected and H1 accepted.

R-squared

Test determination R-squared (R2) is used to measure the effect of free variables on bound variables. The value of coefficient of determination between 0 and 1 ($0 < R2 < 1$) value close to one means that free variables provide almost all the information needed to predict the variation of a bound variable. The R2 value in this regression equation is 0.675057, meaning that the proximity level of free variable influence on variables is tied by 67%, while the remaining 33% is affected by other factors not included in the study.

Adjusted R-squared

Adjusted R-squared is a customized value. In this regression equation, the R2 value has been adjusted by 0.592093 or amounting to 59%. This means that at this adjusted R2 value, the more free variables that enter into the equation the R2 value gets smaller.

S.E. of Regression

The S.E. regression is the default error value of the regression equation in predicting the Y value in this case of profit growth. The default error value of this regression equation is 1.349102, Which means that the number of mistakes in predicting profit growth is 13.4%.

F-statistic

The value of F-statistic shows the regression results of the entire variable independent to the variable dependent simultaneously at 8.136735. The value of F-statistic will be compared to the value of F-table to know the independent variables that are diversified financing types of AKAD, diversified financing type of use, and diversification the economic sector financing that is included in the model influences its dependencies variable of ROA profitability. Suppose the value of the F-statistic is greater than the value of the F-table. In that case, it can be concluded that the value of financing diversification type of AKAD, diversified financing type of use, and the diversification of economic sector financing influence the Profitability of ROA.

Probability (F-statistic)

Probability (f-Statistic) shows the probability value of the statistical test value F. The probability value of the statistical test value F is 0.000000. furthermore, this value is compared with the significance level used in the study of < 0.05. The independent variables are diversified financing types of AKAD, diversified financing type of use, and financing diversification. The economic sectors incorporated in the model influence the dependent variables on the profitability of ROA.

Mean dependent variable

The average value of the dependent variable is ROA's profitability of 17.74123.

S.D. dependent variable

The standard deviation from the dependent variable is ROA's profitability of 2.112342.

Durbin-Watson stat

The Durbin-Watson (D.W.) test value is used to determine whether there is an autocorrelation (the connection between the residual) or not. The D.W. test value of this regression equation is 1.151510. **Hypothesis Test**

Testing of the Regression Sense (Test F)

Test F statistics are used to test the meaning of regression. The Value F table is obtained with the provisions N2 = n – k and N1 = k-1. Where n is the number of observations and K is the number of variables. This test compares the F-statistic value with the F value of the table with a specific significance level.

a.   Determining hypothesis test: H0: Meaningless regression H1: Meaningful
     regression
b.   Specify the value F
     The Value F table is obtained with N2 = n – k, N1 = k – 1. Where n is the number of observations and K is the number of free variables plus constants. So the value of F table used in this study is N2 = 60 – 3 = 57 and N1 = 3 – 1 = 2 and α = 0.05, then the F value of the table used is 3.16.
c.   Testing Criteria
      If F count ≤ F table then H0 received and H1 rejected, meaning regression is meaningless.
      If F counts > F table, then H0 rejected, and H1 accepted, meaning regression means.
d.   Test results
     From the hypothesis, testing results can be known influences of all the variables freely to the bonded. Can be seen the processing result by using Eviews as follows.

Table F test Result

F-statistic	8,136735
Prob(F-statistic)	0.000000

Source: Data Research Results (2019)

According to table 4.7, It is known that the F-statistic (8.136735) is larger than the F table (3.16), and Probability (0.000000) is smaller than the significance level (0.05). Then H1 is accepted to deduced significant regression, which means that regression can be used to make conclusions.

The Meaning Of Regression Coefficient (Test T)

This test is used to determine the effect of independent variables on individual dependent variables. In Test T, the count T value will be compared to the T table, as well as the probability will be compared with the level of fault that the researcher prescribed.

1) Determining Research Hypothesis

H0: $\beta 1 = 0$, there is no independent variable influence on dependent variables

H1: $\beta 1 \neq 0$, there is an influence of variables independent of the dependent variables

2) Specify The Value T

The value of T table in this study was obtained from the distribution table T, where df = n-k = 60 – 3 = 57, then with DF 57 and α = 5% (0.05) obtained T table of 2.00247.

3) Test t Testing Criteria

If the-t-value counts < t of the tablet count, then the H0 is received and H1 is rejected if the- t count-value is ≤-t table or T count > T table, then H0 rejected, and H1 accepted

4) Test Results

From the hypothesis, testing results can be known influences from a variable free to the bonded.

The influence of financing diversification type agreement on ROA profitability

Based on the data on the overview, the degree of diversification based on the type of agreement on ten sharia banks, the overall diversification of financing types is low focus diversification. The diversification of the contract type tends to be above 0, which corresponds to the HHI indicator. The calculation results show that the high or low level of financing diversification is negatively influential on the profitability of ROA. Thus, the results are in line with the results of some previous research stating that the diversification of financing types affects ROA's profitability, as many levels of diversification can impact the profitability Bank

However, this study shows that increasing levels of diversification by the type of contract resulted in decreased profitability. This study showed that the negative relationship is when diversification of the financing type of AKAD increased, then the profitability of ROA was decreasing. The cause of negative influence diversification of financing type of agreement on the profitability of ROA can also be due to the highly diversified financing type of contract shows the number of customers who cannot pay off the funding in accordance Agreement at the earliest agreed between the customer and the Bank. The higher the diversification of financing resulted in declining sharia bank revenues and high risk. The emergence of problematic financing will result in the lower ability of Sharia banks to gain profit to reduce profits because high diversification of contract type can impact bank health. The greater the diversification of financing type of contract, the greater the Bank's losses, which will lead to reduced bank profits. The reduced profits will result in the total assets of the Bank as well as reduced, allowing the diversification of the contract type financing to affect profitability negatively.

The results of this research were strengthened by the results of previous studies, namely in line with research conducted by (Stefania P. S Rossi, 2009), stating that the diversification of financing types negatively affects ROA's profitability. However, the results of this study were contrary to research (Lydia, Elipkimi, and Anthony, 2017), stating that the diversification of financing type of contract does not affect the profitability of ROA.

Thus, based on the findings in this study attributed to the theoretical and supported concepts of empirical facts, previous research can be concluded that financing diversification of the type of unfavorable effect on profitability ROA at the Sharia Bank in Indonesia due to the high level of

problematic financing resulting in decreased profitability, so that the results of this research have been appropriate and supportive with some previous research results.

Influence of financing diversification type use against ROA profitability

Based on the data on the overview, the level of diversification based on the type of use on ten sharia banks, the overall diversification of the type of financing is high. With diversification results, the type of use tends to be below 1 that corresponds to the HHI indicator. The calculation results show that the high or low level of diversified financing type of use affects the profitability of ROA. Thus, the results are in line with the results of some previous research stating that the diversification of financing type of use affects the profitability of ROA because the many levels of diversified financing types of use Can impact bank profitability.

The limitation of business and working capital causes the difficulty to develop a business, well-diversified financing so that the Bank can control the financing more easily channeled. The level of problematic financing on sharia banks will be reduced, and the profitability or ROA will increase. With financing based on the type of use provided by the Bank to the customer, it will affect the development of the customer's business. The development of the customer's business can be seen through the income obtained by the customer whether The customer's business revenue is increasing or decreasing so that when the income gained by the customer increases will result in increased profitability of the Bank (Masruroh, 2018).

The results of this research were strengthened by the results of previous studies, namely in line with research conducted by (Novika Andriani, 2013), stating that the diversification of financing type of use has a positive effect on ROA's profitability. However, the results of this study are contrary to research by (Chatti, Kablan, & Yousfi, 2010), stating that the diversification of financing type of use does not affect the profitability of ROA.

Based on the findings in this study attributed to the theoretical concepts and supported empirical facts, previous research can be concluded that diversification of financing type of use has a positive effect on The profitability of ROA on sharia Bank in Indonesia so that the results of this research have been appropriate and supported with some previous research results.

Effect of diversification of economic sector financing on ROA profitability

Based on the data on the overview, the level of diversification based on the type of use in ten sharia banks, the overall diversification of economic sector financing is high diversification. The diversification of economic sectors tends to be below one that corresponds to the HHI indicator. The calculation results show that the high or low level of diversified economic sector financing affects the profitability of ROA. As such, the results are in line with the results of some previous research stating that the diversification of economic sector financing affects ROA's profitability, as many levels of diversification can impact Bank profitability.

Growing and expanding the Bank's financial institution in the economy, determined by the magnitude of the profit level gained from its operational activities, and the profit level reflects the number of incentives that banks earn during the run of its intermediate functions. Achieving high-profit rates for bank businesses can be influenced by several factors. The profitability of sharia banks measured by the net profit of the business can be influenced by the Bank's financial performance and the macroeconomic conditions occurring in the economy. Therefore the more the level of diversification done by banks, Macroeconomic conditions will increase, and the profit gained will be higher (Mukhlis, 2010).

The results of this research were strengthened by the results of previous studies, namely in line with research conducted by (Ari Christianti 2011), which states that the diversification of financing type of use has a positive effect on ROA's profitability. However, the results of this study are contrary to research (Benjamin, Dimas, and Daniel, 2011), stating that the diversification of financing type of use does not affect the profitability of ROA.

Thus, based on the findings in this study attributed to the theoretical and supported concepts of empirical facts, previous research can be concluded that diversification of economic sector financing has a positive effect on The profitability of ROA on sharia Bank in Indonesia so that the results of this research have been appropriate and supported with some previous research results.

CLOSING

Based on the results of research done on diversification of financing as an effort to increase the profitability of Sharia general Bank in Indonesia, it can be withdrawn as follows:

1. Profitability of ROA 2013-2018 period of ten sharia banks in Indonesia include unhealthy criteria because it tends to decline annually. Bank Panin Dubai Syariah suffered the highest decline in 2017 due to the considerable financing of the problem.
2. The diversification of financing period 2013-2018 in ten sharia banks in Indonesia, including the diversification of financing, tends to be high and has carried out diversified financing dissemination.
3. The diversification of financing types influences a negative effect on the profitability of ROA so that the Bank should increase the diversification rate by managing many financing products on the type of contract.
4. Diversification of financing type of use has a positive effect on the profitability of ROA so that this type of use can be used as an effort to increase the profitability of Sharia general Bank in Indonesia.
5. Diversification of economic sector financing positively influences the profitability of ROA so that the diversification of financing in this economic sector can be used as an effort to increase the profitability of Sharia public Bank in Indonesia.

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