THE INFLUENCE OF PROFIT SHARING RATIO ON THE FINANCIAL PERFORMANCE OF SHARIA PEOPLE'S FINANCING BANKS IN NORTH SUMATRA

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ABSTRACT

The purpose of this study was to evaluate the Financial Performance of Islamic People's Financing Banks (BPR) in North Sumatra. Specifically to analyze the effect of the Profit Sharing Ratio (PSR) on the Debt to Equity Ratio (DER). The research approach uses Quantitative with Panel Data Types from 2017 – 2021, Panel Data Multiple Linear Regression analysis techniques. The results of this study are: Profit Sharing Ratio has a positive and significant partial effect on the Debt to Equity Ratio (DER) at BPRS in North Sumatra.

***Keywords**: Profit Sharing Ratio (PSR), Debt to Equity Ratio (DER) and Financial Performance.*

INTRODUCTION

Good financial performance can attract investors to invest and use management as one of the guidelines for managing trusted resources. Financial performance reports are presented with an overview of the company's financial position in the past and are used to predict future financing. Financial performance has an important role because it is used as an indicator of good or poor financial condition and business performance of a company over a certain period of time. The financial performance of a company can be interpreted as an achievement that is achieved through work carried out optimally which is stated in the income statement, balance sheet and report on changes in capital which can be used as a measuring tool to determine the company's financial performance within a certain period (Fahmi, 2020).

Profit Sharing Ratio (PSR) compares profit sharing financing to the total financing provided as a whole. If the resulting value does not get a measure of success because the application of the principle of profit sharing does not reach the goal due to a lower profit sharing ratio, it indicates a decrease in profit (profit) at the Islamic People's Financing Bank (BPRS). The main advantage of the Profit Sharing Ratio (PSR) is the transparency of the profits to be shared between both parties. So that there will be no fraud in it, even the Profit Sharing System (PSR) is also used to avoid losses between the two parties.

Table 1. Equivalent Profit Sharing Rate-Sharia People's Financing Bank

No	Type	2016	2017	2018	2019	2020
1	Third-party funds	54,27%	54,27%	54,27%	54,27%	54,27%
2	Mudharabah Agreement	17,86%	17,86%	17,86%	17,86%	17,86%

Table 1. above shows that the equivalent level of Profit Sharing Ratio (profit sharing) has decreased and increased every year, this is due to reduced capital provided by third party funds to mudharib (capital managers) so that it has an impact on rising and falling profits of Islamic People's Financing Banks (BPRS). In 2018 there was a decrease in third party funds of 47.87% so that the operational needs of activities at the Sharia People's Financing Bank (BPRS) were constrained which had an impact on the total net profit decreased and had an impact on the decline in the financial performance of the BPRS and profit sharing according to the mudharabah contract (Profit Sharing Ratio) of 16.45%.

Good financial performance has healthy finances marked by stability and a good profit achievement rate, if profits are not maximized then the financial performance is not good. The results of the analysis of financial statements with quantitative data will be used to support decision making. Financial analysis is able to examine past events that can have a profit impact on future financial developments. Financial analysis must be carried out by mastering accounting principles well, because the quality of financial analysis is very dependent on accounting mastery factors in a certain period and especially the need for sharia accounting.

According to previous research by Jalil Heidary Dahooie, Edmundas Kazimieras Zavadskas, Amir Salar Vanaki, Hamid Reza Firoozfar, Mahnaz Lari & Zenonas Turskis (2019), that the Correlation Coefficient and Standard Deviation (CCSD) method with the Fuzzy C-Means Additive Ratio Assessment (FCM-ARAS) approach can determine lending and credit policies in 58 companies in Iran with the variable Debt to Equity Ratio (DER), Return On Equity (ROE), Return On Assets (ROA).

If the Profit Sharing Ratio (PSR) increases, the profitability will increase. Conversely, if the Profit Sharing Ratio (PSR) is lower, the profitability will decrease. If the value of the Debt to Equity Ratio (DER) increases, then it means getting funding from the lender. On the other hand, if the Debt to Equity Ratio (DER) value decreases, then you will receive less funding from the lender.

LITERATURE REVIEW

2.1. Shari'a Enterprise Theory

Shari'a Enterprise Theory (SET) is developed and modified from enterprise theory. According to Suojanen (1954) argues that enterprise theory emphasizes the income statement because it is oriented towards claims on income. Enterprise theory has a wider concern than entities, because the company is actually related to institutions outside the company. Thus the company is not only carried out for the benefit of shareholders, even though each shareholder has rights and obligations as an owner, but the common interest for the progress and prosperity of the company carried out by stakeholders must take precedence. The goal of every company according to the concept of enterprise theory is to provide peace to everyone who has an interest in the company.

2.2 Financial Performance

Financial performance is a financial analysis that is primarily carried out to evaluate past financial performance by conducting various analyses, in order to obtain a company's financial position that represents the reality of the company and its ability to sustain its performance in the future. The benefit of financial performance for the company is to find out how far the development of the company has been achieved in each certain period which will be used as a basis for planning for the company in the future. A bank's financial performance is an illustration of a bank's financial condition in a certain period, both in terms of raising funds and channeling funds. Bank financial performance has the following important meanings: 1) As a measure of the success of financial management, especially liquidity conditions, capital adequacy, operational efficiency, asset quality and profitability; 2) As a measure to determine a bank's ability to utilize all of its assets in generating profit efficiently (Nasfi, 2020). The progress of the Islamic People's Financing Bank (BPRS) is assessed not only from asset growth, market share and operational activities, but also needs to be measured from the financial aspect.

2.3. Debt to Equity Ratio

Debt to Equity Ratio (DER) is a measure of a company's financial position in a financial ratio that compares total debt to equity. The total debt and equity used for the company's operations must exist in a proportionate amount. The Debt to Equity Ratio (DER) value can be used as a reference for assessing financial health, if the ratio value increases then company financing is obtained from creditors and not from the company's own financial sources. This can be a warning to company owners and management that a high Debt to Equity Ratio (DER) value/exceeds the amount of equity indicates excessive use of debt, thereby reducing profit/profit (Masrizal et al., 2020).

The Debt to Equity Ratio (DER) is classified as a solvency ratio, namely the ability of a company to fulfill all debts/obligations by using all of its capital. Debt to equity ratio (DER) using "times" or "percentage" units, so that a financially healthy company is indicated by an ideal debt-to-equity ratio (DER) that is less than 1 or 100%.

DER = TOTAL DEBT / TOTAL EQUITY X 100%

The debt to equity ratio (DER) assessment is as follows:

a. The lower the Debt to Equity Ratio (DER), the better it shows that the total debt/liabilities of the company is less than the total equity of the company, so that in an unwanted situation (such as bankruptcy) the company still has the ability to pay off all debts/liabilities.
b. The higher the Debt to Equity Ratio (DER) will cause losses, which shows that the composition of the total debt/liability is greater than the total net capital, causing a large corporate burden for foreign parties. If the company is unable to manage/pay properly and optimally the debts that must be repaid, both short-term and long-term debt, this will have a negative impact on the company's financial condition.

DER (Debt to Equity Ratio) can indicate the level of financial independence of a company against debt. For companies, the amount of debt should not exceed operating capital so that the burden is not too high. The smaller the Debt to Equity Ratio portion, the safer it is. This indicator is monitored by bankers as a measure of a company's ability to pay off its debts and the easier it is to obtain financing from investors. Company leaders must be careful in taking capital so that the ratio of debt to equity does not appear high. In most companies today, an acceptable debt to equity ratio (DER) is around 1.5 to 2 times. For companies that have gone public, an acceptable debt-to-equity ratio is double or more. A high Debt to Equity Ratio (DER) will indicate that the company is unable to generate sufficient funds to fulfill its debt obligations obligations/debts. However, a low Debt to Equity Ratio (DER) value also indicates that the company is unable to increase profits.

2.4. Profit Sharing Ratio

Profit Sharing Ratio (PSR) is a profit sharing calculation ratio which is a business agreement between the parties providing funds (shahibul maal) and also managing funds (mudharib) based on the profits of the fund manager, namely operating income minus operating expenses. PSR has a goal, namely to measure the extent to which the fund manager has succeeded in achieving the existential goal of obtaining profit sharing in accordance with the terms agreed through a mudharabah contract (Fitri et al., 2020).

Factors that affect the profit sharing system are as follows:
1) Level of Competition With a tighter level of competition, the profits that will be obtained will be smaller, and vice versa if the competition is not tight, the profits will be even greater.
2) Composition of Funding Basically, most of the funding of Islamic banks is obtained from third party funds, so the terms of profit will differ according to the composition of the funding.
3) Financing Risk Islamic banks will take greater profits in financing sectors that choose high risk.

The Profit Sharing Ratio system in its implementation is a form of cooperation agreement in carrying out economic business activities, where both parties will be bound by a contract that in this business if profits will be shared between the two parties according to the ratio agreed at the beginning of the agreement. Profits from the results of operations will be distributed after calculating in advance the costs incurred during the business process. Business profits can be negative, meaning a loss, positive, meaning there is an excess of income minus costs, and zero, meaning that the income and costs are in balance. The profit shared is the net profit which is the excess of the difference in the reduction of total cost to total revenue.

METHODS

This research approach is to use quantitative research methods, which interpret and describe the data as it is simultaneously with the situation that is happening. Quantitative research is research that involves the process of collecting data and analyzing numerical data objectively to describe, predict or control the variables of interest. Quantitative research is expressed in numbers and graphs, this is used to test or confirm theories and assumptions (Ansori & Iswati, 2020). This research was conducted at Islamic People's Financing Banks (BPRS) in North Sumatra from 2017 to 2021.

Population is a collection of objects/subjects, variables, concepts or phenomena that have certain quantities and characteristics by examining each member of the population to find out the characteristics of the population concerned (Maidiana, 2021). The population in this study were 9 financial reports published by 7 BPRS registered with OJK North Sumatra for 2017 – 2021.

The sample is part of the number and characteristics possessed by the population. Purposive Sampling is a sampling technique with certain considerations/criteria, so that the samples taken are in accordance with research objectives and are used for quantitative research (Sutisna, 2020). The sampling procedure with the criteria used in this study was a purposive sampling technique with a total sample of 140 observations (7 BPRS x 5 years x 4 financial reports).

The criteria for the financial statements are as follows:

a. Report on Financial Position (Balance Sheet) at the Sharia People's Financing Bank (BPRS) in North Sumatra for 2017 – 2021.

b. Profit and Loss Report on the Sharia People's Financing Bank (BPRS) in North Sumatra for 2017 - 2021.

c. Report on Financial Ratios at Islamic People's Financing Banks (BPRS) in North Sumatra for 2017 – 2021.

d. Profit Sharing Distribution Report on Sharia People's Financing Banks (BPRS) in North Sumatra for 2017 - 2021.

The type of data in this study is panel data. Panel data is a combination of cross section data and time series data, where the same cross section unit is measured at different times (Burlig et al., 2020). Source of data used in this research is secondary data. The secondary data in question is the annual financial report (annual report) for the period 2017 – 2021 which has been published on the official website.

Secondary data is research data obtained that is not directly related such as interviews in providing data to data collectors/researchers, namely: evidence, historical financial records or reports that have been published and compiled in archives to increase overall research effectiveness, as well as data obtained from books, journals and articles related to the research to be carried out (Putra, 2020). Secondary data serves to classify problems, create benchmarks in evaluating data and fill information gaps.

The secondary data collection method uses the method of using document materials, because in this study it indirectly examines and utilizes data generated by other parties. Data is a fact or description that is collected and will later be processed to produce useful information for a study. This information will be used as a decision-making tool (Maulida, 2020).
The data collection method in this study is as follows:

a. Documentation: It is a record of events in the past and can be in the form of writing, pictures or monumental works of a person. The documentation method is a method of collecting data that examines various kinds of documents that are useful for analysis material. Documents that can be used in secondary data collection are documents written based on data in the Financial Report of Islamic People's Funding Banks (BPRS).
b. Literature Study: Is knowledge of various concepts that will be used as a basis or guide in the research process. The purpose of literature study is to enrich the knowledge and scientific work achieved by previous researchers. With library research, researchers can overcome complex drafting problems, express all data from various sources through journals, books, articles, papers and others so that they contain different points of view into a selected work.
c. Observation Techniques: Is a systematic observation and recording of the elements that appear in a symptom on the object of research. The observation technique will observe starting from the location of the research object, the activities of the people involved, objects related to the research object, certain actions, events that occur related to research, the time sequence of events and the purpose of carrying out the observed actions.

Based on the data in this study were analyzed by means of regression panel data is a regression analysis with a data structure which is panel data. In general, the estimation of parameters in the regression analysis with cross-sectional data is carried out using the Ordinary Least Square (OLS), Least Square Dummy Variable (LSDV) and Generalized Least Square (GLS) methods. Panel data input using the EViews (Econometric Views) application is Windows-based computer program used for statistical analysis and is a time series econometric application.

RESULTS AND DISCUSSION

4.1. Findings

Profit Sharing (profit sharing) is a system or method of profit sharing between funders and fund managers which will then become a profit sharing system for the business of both parties, including those managed by Islamic banks. The profits obtained from each of these parties come from the net profit from the fund management business, namely income minus various other business costs, such as production costs to operational costs (Ikrima & Dahlifa, 2020).

The contract in the Profit Sharing system is mudharabah, this is established between each party when investing or doing business together. Profits obtained from the results of the business carried out will be distributed to investors and capital managers in accordance with the agreement. However, if later there is a loss between one of the parties, then the Islamic banking system will be willing to bear it if certain errors are proven. This contract system can also be carried out by one of the donors who will later be given trust and managed by the other party and at the beginning of the contract a discussion must be held regarding profit sharing by each party in accordance with the terms of the ratio. This is done in order to minimize risks that are likely to occur, such as losses between each party involved.

The ratio of the two parties in Islam is an estimate of the return that will be received by the owner of capital (shahibul maal) from the manager of capital (mudharib). The number of ratios determined will be agreed on in the production sharing contract between the two, several things to note are: the percentage of the ratio, profit and loss sharing, provisions for sharing losses. If in the contract it is agreed that the mudharabah financing ratio is 40: 60, then the profit sharing is distributed by 40% to the owner of the funds (shahibul maal) and 60% to the fund manager (mudharib) (Humaidillah, 2021).

Table 2. Profit Sharing Ratio (PSR)

In Thousands (Rp.)

No	Name of BPRS	Year	Mudharabah Financing	Total Funding	PSR %
1	PT. BPRS Al Washliyah Medan	2017	2.280.721	1.606.930	141,93
		2018	2.610.096	3.103.030	84,11
		2019	1.697.361	2.710.671	62,62
		2020	142.820	1.960.599	7,28
		2021	6.288	794.803	0,79
2	PT. BPRS Gebu Prima Medan	2017	1.188.608	2.157.901	55,08
		2018	2.086.728	2.798.811	74,56
		2019	2.249.965	3.148.479	71,46
		2020	920.730	10.360.911	8,89
		2021	2.916.754	10.711.723	27,23
3	PT. BPRS Puduarta Insani Deli Serdang	2017	6.250.643	14.651.076	42,66
		2018	6.759.682	12.164.230	55,57
		2019	3.697.596	11.466.562	32,25
		2020	16.800	11.331.119	0,15
		2021	9.600	11.223.301	0,09
4	PT. BPRS Amanah Insan Cita Deli Serdang	2017	235.204	513.445	45,81
		2018	0	0	0,00
		2019	382.114	2.738.182	13,96
		2020	334.940	4.255.253	7,87
		2021	137.389	6.005.803	2,29
5	PT. BPRS Amanah Bangsa Simalungun	2017	2.443.633	10.569.509	23,12
		2018	3.010.460	18.770.085	16,04
		2019	2.598.864	17.882.894	14,53
		2020	159.503	24.572.964	0,65
		2021	113.252	42.363.988	0,27
6	PT. BPRS Al-Yaqin Simalungun	2017	787.026	1.699.033	46,32
		2018	1.166.116	2.549.083	45,75
		2019	978.302	1.504.560	65,02
		2020	86.100	1.995.128	4,32
		2021	19.000	1.546.646	1,23
7	PT. BPRS Sindanglaya Kotanopan	2017	711.365	3.488.223	20,39
		2018	718.185	3.030.032	23,70
		2019	308.135	3.959.089	7,78
		2020	0	2.911.838	0,00
		2021	0	2.879.357	0,00

Table 2 shows that the Profit Sharing Ratio (PSR) is the level of profit sharing between capital owners and fund managers using Islamic bank financial principles to determine the amount of profit (profit) (Lestari & Anwar, 2021). The Profit Sharing Ratio (PSR) value found at the Al-Washliyah Medan Sharia People's Financing Bank (BPRS) from 2017 to 2021 has decreased, this is due to a decrease in income yields so that the profit sharing rate decreases between capital owners and fund managers. The Profit Sharing Ratio (PSR) value found at the Gebu Prima Medan Sharia People's Financing Bank (BPRS) from 2017 to 2021 has fluctuated, this is due to fluctuations in income receipts so that it has an impact on the level of profit sharing that has increased and decreased between capital owners and fund managers.

The Profit Sharing Ratio (PSR) value found in the Puduarta Insani Deli Serdang Sharia People's Financing Bank from 2017 to 2021 has fluctuated, this is due to increases and decreases in income receipts resulting in ups and downs in the level of profit sharing between capital owners and fund managers. The Profit Sharing Ratio (PSR) value found at the Amanah Insan Cita Deli Serdang Sharia People's Financing Bank from 2017 to 2021 has fluctuated, this is due to fluctuations in income receipts so that it has an impact on the level of profit sharing which will increase and decrease between capital owners and fund managers.

The Profit Sharing Ratio value found in the Syariah People's Financing Bank (BPRS) Amanah Bangsa Simalungun from 2017 to 2021 has decreased, this is due to a decrease in income yields resulting in a decreased profit sharing rate between capital owners and fund managers. The Profit Sharing Ratio value found in the Al-Yaqin Simalungun BPRS from 2017 to 2021 has fluctuated, this is due to increases and decreases in income yields so that the profit sharing rate will increase and decrease between capital owners and fund managers. The Profit Sharing Ratio value found at the Sindanglaya Kotanopan BPRS from 2017 to 2021 has fluctuated, this is due to increases and decreases in income yields so that the profit sharing rate will increase and decrease between capital owners and fund managers.

4.2. Financial Performance

The debt to equity ratio (Debt to Equity Ratio/DER) is a measure of the percentage of liabilities in the capital structure. This ratio is important for measuring business risk that increases with the addition of total liabilities, which is used to determine the ratio between total debt and total equity. This ratio is useful to find out how much wealth the Islamic People's Financing Bank (BPRS) is financed from debt and to find out the comparison between the amount of money provided by creditors and the amount of money originating from the Islamic People's Financing Bank (BPRS). A good Debt to Equity Ratio (DER) must be less than 1 or less than 100%, which means the lower DER, the better the fundamental position of the Islamic People's Financing Bank (BPRS). A lower Debt to Equity Ratio (DER) indicates that the company's debt is smaller than the company's assets. Conversely, a high Debt to Equity Ratio (DER) indicates a company's poor financial performance, because companies use long-term debt as financing for their business, resulting in a larger ratio that must be borne by investors (Dewi, 2021).

Table 3. BPRS Financial Performance

In Thousands (Rp.)

No	Nama BPRS	Tahun	Laba Bersih	Total Hutang	DER %
1	PT. BPRS Al Washliyah Medan	2017	-578.260	43.700.670	3,84
		2018	-1.508.018	48.262.016	4,24
		2019	-1.782.281	37.516.003	3,22
		2020	-2.960.704	48.771.014	3,78
		2021	-4.101.396	42.432.661	2,58
2	PT. BPRS Gebu Prima Medan	2017	-960.121	37.757.889	2,68
		2018	-545.647	60.482.246	3,57
		2019	135.043	86.506.049	4,41
		2020	782.258	103.973.706	4,84
		2021	-1.191.513	123.039.191	5,73
3	PT. BPRS Puduarta Insani Deli Serdang	2017	1.702.060	110.175.206	5,39
		2018	1.015.141	133.457.139	5,82
		2019	1.480.679	111.568.229	5,92
		2020	1.497.433	132.207.218	4,40
		2021	1.464.824	159.367.263	5,03

4	PT. BPRS Amanah Insan Cita Deli Serdang	2017	-55.695	11.415.600	1,96
		2018	0	0	0,00
		2019	340.734	14.989.500	0,78
		2020	-725.198	33.569.000	0,87
		2021	398.827	43.245.900	1,12
5	PT. BPRS Amanah Bangsa Simalungun	2017	1.838.306	38.186.200	4,33
		2018	3.253.356	51.403.303	3,70
		2019	2.038.819	46.941.700	2,31
		2020	3.482.071	87.722.392	2,95
		2021	3.494.548	103.895.077	3,32
6	PT. BPRS Al-Yaqin Simalungun	2017	-681.514	17.489.216	2,95
		2018	129.299	28.521.047	4,00
		2019	-554.394	27.659.331	3,88
		2020	-771.165	21.483.537	2,46
		2021	-195.176	11.920.427	1,79
7	PT. BPRS Sindanglaya Kotanopan	2017	995.043	9.379.250	1,10
		2018	728.388	8.798.100	1,70
		2019	773.557	11.967.500	1,87
		2020	452.671	14.656.100	1,96
		2021	-2.235.943	7.189.200	0,76

Table 3 shows that a Debt to Equity Ratio (DER) value that is too high has an adverse impact on financial performance because a high debt level can reduce profits so that the lower the Debt to Equity Ratio (DER) value, the better the company's financial performance (Sitohang & Wulandari, 2020). The Debt to Equity Ratio (DER) value found in the Islamic People's Financing Bank (BPRS) Al-Washliyah Medan from 2017-2021 has fluctuated, this is due to increases and decreases in debt levels resulting in poor financial performance because the Debt to Equity Ratio (DER) value exceeds 2 times or 200% in generating equity so that the equity of the Al-Washliyah Medan Islamic People's Financing Bank (BPRS) is proven unable to pay its debts. The Debt to Equity Ratio (DER) value found in the Gebu Prima Medan Sharia People's Financing Bank (BPRS) from 2017 to 2021 has increased, this is due to an increase in debt levels which has an impact on decreasing profits and financial performance is not good in generating net profit and equity Gebu Prima Medan Sharia People's Financing Bank (BPRS) has proven unable to pay its debts.

The Debt to Equity Ratio (DER) value found in the Puduarta Insani Deli Serdang Syariah People's Financing Bank (BPRS) from 2017 to 2021 fluctuated, this is due to increases and decreases in debt levels resulting in fluctuations in generating net profit and equity Puduarta Insani Deli Serdang Syariah People's Financing Bank (BPRS) unable to pay its debts. The Debt to Equity Ratio (DER) value found in the Sharia People's Financing Bank (BPRS) Amanah Insan Cita Deli Serdang from 2017 to 2021 is in the healthy category, this is because the level of debt and equity is in a proportional condition with a value (DER) 1 time < 2 times or 100% < 200% so that it has an impact on good financial performance in generating net profit and equity. debt.

The Debt to Equity Ratio (DER) value found in the Syariah People's Financing Bank (BPRS) Amanah Bangsa Simalungun from 2017 to 2021 has fluctuated, this is due to increases and decreases in debt levels resulting in poor financial performance in generating net profit so that they are unable to pay their debts. However, only in 2019 the Amanah Bangsa Simalungun Sharia People's Financing Bank (BPRS) experienced a debt-to-equity ratio with a Debt to Equity Ratio (DER) value of 2 times or 200% capable of paying its debts. The Debt to Equity Ratio (DER) value found in the Al-Yaqin Simalungun Islamic People's Financing Bank (BPRS) from 2017 to 2021 has fluctuated, this is due to increases and decreases in debt levels resulting in fluctuations in generating net profit. In 2020 - 2021 decrease to the Debt to Equity Ratio (DER) of the Al-Yaqin Simalungun Islamic People's Financing Bank (BPRS) which is ideal for debt and equity with a Debt to Equity Ratio (DER) value of 2 times or 200% so that it is able to pay its debts.

The Debt to Equity Ratio (DER) value found in the Sindanglaya Kotanopan Sharia People's Financing Bank (BPRS) from 2017 to 2021 is included in the healthy category, this is because the level of debt and equity is already in a proportional condition with a Debt to Equity Ratio (DER) value of 1 time < 2 times or 100% < 200% so that it has an impact on good financial performance in generating net profit and equity of the Sharia People's Financing Bank (BPRS) Sindang Laya Kotanopan can afford to pay its debts.

CONCLUSION

The measurement of the Profit Sharing Ratio is the basis for profit sharing in accordance with the terms of the mudharabah contract agreement, because it has effectively increased the Debt to Equity Ratio (DER) at BPRS in North Sumatra.

Based on the research results, suggestions for sustainability are:

1. For Academics

Academics are expected to be able to make this research an additional reference in conducting research development and can provide broader insights about the financial performance of BPRS in North Sumatra. Using other independent variables so that the results obtained are stronger in explaining the Profit Sharing Ratio variable to improve financial performance based on the Debt to Equity Ratio value so that the existence of BPRS in North Sumatra can be based on fair competition.

2. For External

a. For the Financial Services Authority (OJK)

OJK oversees the operational activities of Islamic People's Financing Banks (BPRS) in an effective and efficient manner in accordance with sharia principles, so that they can develop and compete globally. BPRS supervision basically has supervision from the financial aspect, BPRS compliance with sharia principles, BPRS prudential principles and sharia supervision on BPRS operational activities. OJK requires the role of the Board Sharia Supervisor (DPS). Therefore DPS who have experience, expertise, expertise in the field of sharia finance provide opinions from sharia aspects on the implementation of bank operations as a whole in sharia bank public reports so that they can improve the financial performance of BPRS for the better.

b. For Islamic People's Financing Banks (BPRS)

BPRS must be able to manage financial reports with a Debt to Equity Ratio (DER) ratio to improve financial performance. BPRS should be more efficient in using its assets and equity, so that the capital owned can be put to good use in obtaining profits and will improve financial performance every year based on added value.

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