Dr. Bismi Khalidin, M.Sc

The Performance of ISLAMIC BANKS Under an Interest Rate System in Indonesia

How do Islamic Banks Operate with Interest Based Instruments?

Editor
Prof. Dr. Raja Masbar, M.Sc

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Bismi Khalidin

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CHAPTER I
INTRODUCTION

1.1. Background of the Research

An Islamic bank is a bank that utilizes Islamic principles in its operation. It is also defined as the financial institution relying on the principle of Profit and Loss Sharing (PLS) with the entrepreneurial partners in its relevant banking activities (Nienhaus, 1983:31). One of the important things distinguishing Islamic banks from conventional ones is that the Islamic banks are prohibited to utilize the variable of interest rate in their operations, such as financing, deposit and the likes, since it is assumed that the variable is regarded as riba and the riba itself is clearly prohibited either by the Holy Quran or the Hadith[1].

[1] The term "interest" is actually not cited in either the Holy Quran or the Hadith of the Prophet Muhammad (peace be upon Him). The both primary sources of Islamic law cite only the term "riba" instead. Method of *Istimbath* employed by the majority of Muslim scholars in declaring the prohibition of interest rate is *qiyas*, the method that ranks the fourth among the primary sources of Islamic law, after the Holy Quran, the Hadith and Ijma'. Concerning the prohibition of interest rate, they argue that causes or *illat* within riba, which is as the basis of its prohibition, also exist within the variable. Therefore, it is regarded to be the same as riba, which is forbidden in Islam. In addition, the prohibition of interest is not exlusive to Islam, but common to all three Abrahamic faiths (Ariss, 2010:102)

The absolute prohibition of riba mentioned by the Holy Quran is basically a command to establish an economic system free from all kinds of exploitation. Such the prohibition is to establish equity between the financiers and entrepreneurs, since, according to Islamic economics, it is considered injustice if the financier is assured of a positive return without sharing the risk (Ahmad, 2015:5). Both the Holy Quran and the Hadith clearly declare the prohibition of riba, one of them is as mentioned in the verse 275 of Al-Baqarah, as the following:

وأحل الله البيع وحرم الربا (البقرة ٢٧٥)

. . . *Allah permitted trade and forbidden riba* . . .

In addition to the above verse, concerning the prohibition of riba, the Prophet Muhammad SAW also declares through His Hadith that He curses those who do or involve in the riba-related activities, as the following Hadith below.

لعن رسول الله صلى الله عليه وسلم اكل الربا ومؤكله وكاتبه وشاهديه وقال هم سواء (مسلم)

Instead of interest rate, Islamic banking employs profit-loss sharing (PLS) system in its operation. PLS is broadly defined a contractual arrangement between two or more transacting parties, allowing them to pool their resources to invest in a project to share in profit and loss. According to most Islamic scholars, two modes of financing are regarded PLS financing, namely *Mudharabah* and *Musyarakah* (Dar & Presley, 2000). Furthermore, PLS paradigm is considered as a unique feature of Islamic banking, which is predominantly based on mudharabah and musyarakah concepts of Islamic contracting (Chong & Liu, 2009:126).

Islamic banking must avoid itself in using interest rate as the basis of its operation directly or indirectly, and must adopt free-interest system[2]. Islamic banking is equity rather than fixed-interest, which is based upon PLS system towards the liability and asset side of a bank's balance sheet (Zaheer et al., 2011:6). Additionally, free-interest is considered as one of the very fundamental characteristics of Islamic banking. Hence, products provided by the banking, either financing, saving or others, must be free from interest rate. Such the characteristic is also the core distinction between Islamic and conventional banking.

Nevertheless, based upon basic characteristics of banking, interest rate has strong relationship with banking industry, which means that interest rate can induce the performance of the banking itself. In addition, interest rate is regarded as the core yardstick of the banking's operations and performance, such as deposit, credit and etc. Moreover, interest rate, under conventional banking system, is a cost of fund, either demand for or supply of fund. Interest rate is the most important item in the conventional banking, or the other word, the conventional banking cannot work without interest rate.

Besides, concerning monetary policy, interest rate is also viewed as the most important instrument in executing

[2] Some Islamic scholars argue that the main reason Islamic banks more stable than their counterpart, conventional banks, is that they are not affected by the fluctuations on interest rates (Kassim et al., 2009). Such the thought, according to the writer, is acceptable, since one of the motives for money demand is speculation, and the speculation itself is, according to Keynes, influenced by the variable of interest rate. In addition, it is known that speculative activities usually occasion instabilities in the economy, sometimes they cause economic crisis indeed.

monetary policy (Kiaee, 2007:3). Additionally, Kuttner and Mosser (2002) argue that there are six channels of monetary policy transmission mechanisms; one of them is the interest rate channel. According to them, the process of monetary policy to obtain its goals starts with the transmission of open market operations to market interest rate. Not only does in banking and monetary areas, but also interest rate plays the important role in other parts of the economy and finance. In short, interest rate is an inevitable variable in banking industry as well as all aspects of the economic and finance world.

How is Islamic banking? Do such the thought and the reality above also prevail in Islamic banking? How Islamic banks can avoid themselves from the influence of interest rate? Whether Islamic banks can develop and operate without utilizing interest rate or not, while the interest rate is the important part of banking industry, Islamic banks themselves are part of the banking industry as well. It is very important to note that Islamic banking, although adding the term “Islamic”, is absolutely part of banking industry. Therefore, it is questionable that banking, including Islamic banking, can avoid itself from the influence of interest rate since the rate is the important part of the banking.

For Islamic banks, applying the interest rate system in their operations contravenes the core principles of Islamic banking. According to El Hawary, et al. (2004:5), Islamic banking and finance (IBF) adheres to four important principles, viz. risk-sharing, materiality, no exploitation and no financing of sinful activities. Such the four are the cornerstone for all activities of Islamic banking. Moreover, risk-sharing is the most important principle for Islamic banking, and it is considered as the trade-mark of the banking. Such the principle forbids applying the variable of interest rate which is regarded as ribawi-categorized activities.

It is interesting to be noted, based upon several researches, that the practice of Islamic banking in some Islamic countries are not as expected, which means the practice of those Islamic banking are not pure Islam in terms of the influence of interest rate. It means that Islamic banking in several Islamic countries are influenced indirectly by interest rate. Hakan and Gulumser (2011) conducted a research exploring the influence of interest rate on Islamic banking in Turkey. The research, with using data from 2005 to 2009 and applying the VECM method, finds an unbelievable result where the Islamic banking in Turkey are visibly influenced by interest rates.

The impact of interest rate towards Islamic banking also happens in Malaysia, one of the Islamic countries initiating firstly the operation of Islamic banking in the world. In Malaysia, according to Chong and Liu (2009), the deposits of Islamic banking in Malaysia are not interest-free, but are closely pegged to conventional banking' deposits. Moreover, it concludes that only small portion of financing of the Malaysian Islamic banking is strictly PLS system based, whereas such the system is a must for Islamic banking since it is the cornerstone of the operation of Islamic banking.

In addition to the above, another research exploring the influence of interest rate towards Islamic banking was done by Yap and Kader (2008:113). By using the data from the Malaysian banking industry, 1999 - 2007, their research found the influence of interest in Islamic banking of Malaysia.

Besides, it shows a rise in the base lending rate would induce customers to obtain financing from the Islamic bank and vice versa. Also, still according to their research, Islamic banking in the dual system is exposed to interest risks despite operating on interest-free principle. In short, based upon experiences from the both Islamic countries, the variable of interest rate has effects directly or indirectly towards the performance of Islamic banking.

How are the Islamic banks in Indonesia[3]? Are those banks also being influenced by interest rate as Malaysia's or Turkey's? Can the banks can avoid themselves from the involvement of interest rate in determining their performance? Have the Indonesian Islamic banks applied the free-interest and PLS principles totally as expected? Can the Islamic banks implement the principle of free-interest in the midst of the existing conventional monetary system which still employs the variable of interest rate? Such the questions are among the important ones related to the operation of Islamic banking in

[3]Islamic banking system was firstly introduced and implemented in Indonesia in 1991 when the first Islamic bank, Bank Muamalat Indonesia (BMI), was established and one year later, in 1992, the bank was operated. However, there were some rural Islamic banks established and operated during the time, one of them was such as Bank Perkreditan Rakyat Syariah (BPRS) Hareukat Lambaro Aceh Besar, Aceh. The Islamic bank was established and operated in 1991, which is also considered as the first Islamic bank operating in Aceh. Another rural Islamic bank established in the year was such as BPRS Berkah Amal Sejahtera in Bandung, West Java. Since the years, particularly after the 1997/1998 Asian Financial Crisis, the system started to be considered as well as paid more attention in the country by either decision makers or banking practitioners. Consequently, due to such the phenomenon, a number of conventional banks opened their units or channels towards an Islamic principle-based system. In addition, several BUS typed-Islamic banks were also established during the time.

Indonesia, particularly in relating to the influence of interest rate towards the performance of Islamic banking.

Concerning Indonesia, the country that has the most Muslim population and one of the initiators for the establishment of Islamic banking in the world, is paying more attention towards the development of Islamic banking. Breakthroughs and regulations encouraging the banking have been done either by the government or the society. The issuing of the Islamic Banking Act of 21 in the year 2008 is an evidence of the great attention and acknowledgment from the government, because it is the starting point for developing the Islamic banking industry in the future. In addition, the issuing of such the law indirectly provides the same right and position for the Islamic banking to operate as its existing counterpart, the conventional banking.

As 2015, there are 197 Islamic banks in Indonesia, which consists of 12 Islamic Commercial Bank (BUS), 22 Islamic Business Unit (UUS) and 16 Islamic Rural Banks (BPRS). Concerning the offices, as 2015, there are 2,747 offices of Islamic banks operating currently in Indonesia, which consists of 1990 BUS, 311 UUS, and 446 BPRS. In addition to the number of Islamic banks and their offices, the performance of the Islamic banking, such as assets, deposits and financing, is considered to grow significantly year by year, as shown in the table below.

Table : 1.1.

Selected data on the Indonesian Islamic Banks, 2005-2015

(Billion Rupiah)

Year	Assets	Dep	Deposits			BI	FIN	Financing			
			W-dd	W-sd	M-td			Musy	Mudh	PLS	Mura
2005	20,880	15,582	2,045	4,371	9,166	3,180	15,232	1,899	3,124	5,023	9,487
2006	26,722	20,672	3,416	6,430	10,826	3,641	20,445	2,334	4,062	6,396	12,624
2007	36,538	28,012	3,750	9,454	14,807	4,540	27,944	4,406	5,578	9,984	16,553
2008	49,555	36,852	4,238	12,471	20,143	5,189	38,199	7,411	6,205	13,616	22,486
2009	66,090	52,271	6,202	16,475	29,595	10,393	46,886	6,597	10,412	17,009	26,321
2010	97,519	76,036	9,056	22,908	44,072	16,393	68,181	8,631	14,624	23,255	37,508
2011	145,467	115,415	12,006	32,602	70,806	27,127	102,655	10,229	18,960	29,189	56,365
2012	195,018	147,512	17,708	45,072	84,732	26,713	147,505	27,667	12,023	39,690	88,004
2013	242,276	183,534	18,523	57,200	107,812	31,946	184,122	39,874	13,625	53,499	110,565
2014	272,343	217,858	18,649	63,581	135,629	43,412	199,330	49,387	14,354	63,741	117,371
2015	296,262	231,175	21,186	68,594	141,329	41,051	212,996	60,713	14,820	75,533	122,111

Sources: Bank of Indonesia (BI) and the Financial Services Authority (OJK)

The table shows a significant increase of the performance of Islamic banking in Indonesia during the selected periods. From 2005 to 2015, the increase of assets, deposits and financing of Islamic banking is about 13 times. For instance, the number of assets of Islamic banking, as shown in the table, is 20,880 billion rupiah in 2005, which grows up about 296,262 billion rupiah in 2015. Besides, the number of deposits in 2005 is 15,582 billion rupiah, increasing in 2015 about 231,175 billion rupiah. Also, the increase of financing of the banking is the same as the both previous variables, in which the financing in 2005 is about 15,232, which rises in 2015 about 212,996 billion rupiah.

With respect to the quantity, such as its growth, the Islamic banks in Indonesia are considered significantly. Nevertheless, it is likely questionable in terms of the quality of operation, particularly about complying with the principles of Islamic banking. For example, it is expected that PLS financing exceeds all kinds of financing in the Indonesian Islamic banks, but, the fact shows that Murabahah financing is the leading one, which is more fifty percent of the Islamic banks' financing total, while the financing is questionable, by some, due to its close relationship with interest rate.

Besides, the table 1.2 below is likely to show the same phenomenon as explained in the above. The table presents profit sharing rates utilized in the Islamic banking in Indonesia. The writer views that both tables implicitly indicate that the Islamic banks are not fully to follow the Islamic banking principles, the risk-sharing principle in particular. Both tables indirectly show the existence of interest rates towards them as well. For instance, all rates for either deposits or financing, as shown in the table below, employed by the Islamic banking seems to be the same as interest rates of conventional banking.

Table: 1.2.

Profit Sharing Rates of Islamic Banks in Indonesia

Sources: Bank of Indonesia (BI) and the Financial Services Authority (OJK)

YEAR	PROFIT SHARING RATES OF ISLAMIC BANKS					
	WDD	WSD	MTD-01	MUDH	MUSY	MURA
2005	1.16	3.96	7.86	12.75	8.46	13.05
2006	1.27	3.72	8.96	13.73	10.25	12.09
2007	1.07	3.32	7.63	16.93	11.23	14.66
2008	1.18	3.61	8.22	19.38	11.37	14.92
2009	0.96	2.76	6.92	19.11	11.72	16.07
2010	1.2	3.06	6.9	17.39	14.52	15.3
2011	2.04	3.21	7.14	16.05	13.64	14.72
2012	0.92	2.37	6.06	14.9	13.44	13.69
2013	0.65	5.7	6.6	14.4	12.45	13.18
2014	0.64	3.57	7.8	20.69	13.61	15.43
2015	1.18	4.33	7.45	12.21	11.35	13.36

Actually, it is indeed important and relevant to examine the relationship between interest rate and Islamic banking, particularly in Indonesia. This is because, one side interest rate is an important part of banking industry where Islamic banking itself is part of the industry, but the other side, interest rate is banned to use in Islamic banking's operation. In addition, due to as an Islamic country, the existence and the practice of Islamic banking in Indonesia are regarded to be very important because it is the country that has the most Muslim population in the world. Moreover, the country is regarded as one of the Islamic countries initiating the establishment of Islamic banking in the world. A research to explore the existence and the relationship between interest rate and the Indonesian Islamic banking are extremely essential accordingly.

Currently, there are various researches that have been done by Islamic scholars regarding Islamic banking throughout the world, including in Indonesia. Nevertheless, researches exploring the relationship between Islamic banking and interest rate are still lack. Two researches as mentioned above, such as Hakan and Gulumser's and Chong's are the instances of research investigating the relationship between Islamic banking and interest rate. In addition, the research exploring between Islamic banking and interest rate has also been undertaken in Indonesia, such as Kasri's and Izhar's.

However, researches specifically exploring the impact of interest rate towards Islamic banking comprehensively are nearly rare, particularly in the Indonesian Islamic banks. Hakan & Gulumser's (2011) research is to explore the impact of interest rate on Islamic banking in Turkey, but the research is very simple, only two variable of Islamic banking investigated, viz. deposits and financing (loan). Chong's research on Islamic banking in Malaysia is the same as the Hakan & Gulumser's working in terms of the simplicity, in which the research focuses on deposit side only.

Moreover, even though the research conducted by Kasri & Kassim (2009) is to explore on Islamic banking in Indonesia, nonetheless, it focuses on the determinants of saving side only, not specific to explore the impact of interest rate towards the saving or other variables of Islamic banking in Indonesia. Izhar's research is too simple as well. The research only employs data from Bank Muamalat Indonesia (BMI) whereas the bank only has 20-25 percent of shares of the Indonesian Islamic banking industry.

With respect to the practice of Islamic banks in Indonesia, it is hypothesized, according to the writer, that Islamic banks in Indonesia are the same with what had happened in Turkey or Malaysia in terms of adopting or influencing of interest rate in the operation. As well, benchmark strategy[4], which is dominantly applied by the banks, indicates that Islamic banking is influenced by interest rate directly or indirectly. Nevertheless, such the hypothesis

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[4] The Benchmark strategy is the new strategy currently employed by the Indonesian Islamic banking industry. The strategy is usually utilized in Murabahah product (mark-up-based product) in which the marginal profit determined for the product is based from the benchmark of the cost fund in money market, where the cost of fund itself accords and follows to interest rate. According to the writer's view, the benchmark strategy is the adoption of interest rate indirectly. The writer argues that the yardstick in determining the marginal profit in Murabahah product is the price of the product itself in the good market, such as rate of inflation or Costumer Price Index or Producer Price Index, or the likes, not in the money market, since Murabahah is that the banks sell a product to a costumer, not sell the money.

needs to be proven comprehensively in order to know their validities, whether true of false.

Therefore, it needs to a research that examines the relationship between interest rates and Islamic banking comprehensively particularly in Indonesia. The involvement of interest rates directly or indirectly towards the performance of Islamic banking is a thing that must be eluded, while free-interest is the principle to which the banking must adopt. The free-interest principle or no-ribawi is a truly specific character of Islam itself. Thus, it is really important to undertake a research observing the Islamicity of the Islamic banking's operation in terms of such the popular variable, viz. interest rate. Due to the research, the answers as well as the solutions will be gotten, so as the Islamic banking in Indonesia will be more Islamic, also better and stronger at least the same as its counterpart, conventional banking.

1.2. Questions of the Research

This research is generally aimed to seek out the relationship between the variable of interest rate and the performance of the Islamic banking in Indonesia. It is widely known that, under conventional banking system, the variable of interest rate plays the important role towards the performance of banking. This is because that the variable influences and determines the volume of money in the economy, which induces the bank's policies in supply of and demand for funds and determines the performance of banking accordingly. Such the phenomenon theoretically prevails in the interest-based banking system, to which commonly so-called conventional banking. For conventional banking, interest rate is considered as the most important variable and an inevitable one for the banking.

Does the above phenomenon also prevail in the Islamic banks in Indonesia? Or the other word, whether the variable of interest rate also impacts on the performance of the Islamic banks, or whether such the variable also contributes in determining the performance of the Indonesian Islamic banks, so do the conventional ones. Do the Indonesian Islamic banks avoid themselves from the influences of interest rate directly or indirectly, since the variable is absolutely prohibited in Islam? If so, how are “Islamic” Islamic banks in Indonesia? Such the questions are the important part of this thesis’s research. Hence, the research questions of this thesis can be stated completely as the followings:

a) How far does the practice of the Indonesian Islamic banks comply with the principles of Islamic Economics?

b) How are the effects of interest rates towards the profitability of Islamic banks in Indonesia?

c) How are the effects of interest rates towards the deposits of Islamic banks in Indonesia?

d) How are the effects of interest rates towards the financing of Islamic banks in Indonesia?

1.3. Purposes of the Research

It is important to be noted that the adoption of Islamic values and principles for an Islamic bank in its operation is absolutely essential rather than the bank only complies with banking regulations. To what extend an Islamic bank implements such the Islamic values and principles is a yardstick to measure "islamicity" of the Islamic bank itself. In this regards, the main purpose of the research is to know how "Islamic" Islamic banks in Indonesia are. Or the other word, it is to know islamicity level of the Indonesian Islamic banking' practices in terms of complying with Islamic values and principles, the free-interets principle in particular.

In addition, it is widely known that interest rate is the important term in the banking world and Islamic banking itself is part of it. It is impossible that a bank (a conventional bank) can operate without interets rate variable, meanwhile the variable is prohibited in the practice of Islamic banking. Although interest rate is the important variable in the banking world, Islamic banking must avoid itself from the influence of interest rate directly or inderectly. Therefore, the second purpose of the research is to identify the effects of interest rates towards the performance of Islamic banks, which consists profitability, deposit and financing, in Indonesia.

1.4. Significance of the Research

Not only does conventional banking but also Islamic banking plays the important role towards the Indonesian economy currently. Since their establishment, Islamic banking has been regarded to contribute gradually to the development of the economy in the country. In spite of the fact that the shares of Islamic banking in the economy are still under five percent approximately[5], the existence of the banking is considered to determine the economic condition of the country.

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[5] As 2015, the amount of financing provided by the Indonesian Islamic banks is 212,996 billion rupiah, which is about 3.57 percent of total

Moreover, after the Act of Islamic Banking (the Act No. 21 Year 2008), being issued, the existence of Islamic banking industry has been increased. It means that the existence of Islamic banking under the Indonesian law starts to improve. Besides, the rights for operation according to Islamic banking systems are provided widely by the government. Such the phenomenon obviously indicates that its role, in terms of the Indonesian economy, enlarges and extends than it does previously. In the other word, the Islamic banking is considered to have the same rights and roles as the conventional banking, in terms of the involvement towards the development of the Indonesian economy.

Due to the importance as well as the existence of Islamic banking towards the Indonesian economy particularly in the current time, the study on Islamic banking is regarded very important. The results of the research is supposed to be an essential information regarding the development of Islamic banking in Indonesia, and they could be used by the government, Islamic banking practitioners and others, as considerations and thoughts in making policies as well as issuing regulations concerning the Islamic banking. The more important information collected and the more research undertaken on Islamic banking, the better of the Islamic banking industry in the future. Such the research of Islamic banking is viewed very significant to be conducted accordingly.

As stated earlier, this research is to explore the effects of interest rate towards the performance of Islamic banks in

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credits of the national banking industry, where the total credits of the industry is 5,968,650 billion rupiah.

Indonesia. Examining regarding the effects of interest rate towards the Islamic banking could be considered as a significant novelty in the Indonesian banking industry, for the Islamic banking world of Indonesia in particular. This is because that the research goes into the serious problem of Islamic banking, which is to investigate the influences or the involvement of interest rate either directly or indirectly towards the Islamic banking. Such the study is deemed essential because one side interest rate is the inevitable variable in banking system, but the other side it is banned in Islam.

Basically, there have been saveral researches done concerning the effects of interest rate towards Islamic banking. Nevertheleass, this research is very expected to offer moral novelty aspects. This research will focus on the impact of interest rate towards Islamic banking comprehensively. Hakan & Gulumser's work is to seek for the impact of interest rate towards Islamic banking generally, but this research exploring its impacts in Islamic banking in details, such as in deposit, financing and profitability. This kind of the research is very important since it will inform us which the important aspects of Islamic banking being influenced by interest rate are.

Also, according to the scope and period of the research, this research is regarded more representative and complete. Although either Kasri's or Izhar's is on Islamic banking in Indonesia, their research is very simple. Kasri's investigation is only in saving side, but this research includes the core variable of Islamic banking, viz. profitability, financing and saving. As well, what Izhar did is very simple since he just used the data from Bank Muamalat Indonesia only, and it is difficult to consider that his findings will represent all Islamic banks in

Indonesia. This research will utilize more data on Islamic banks in Indonesia over ten years. To employ more data will give the result more representative and closer to the truth.

Another significance is that the research investigates the shariah level of Islamic banking in terms of applying of the Islamic banking principles, particularly applying the risk-sharing principles and avoiding from the influence of interest rate. Such the both, to apply the risk-sharing principles and to avoid from the influence of interest rate directly or indirectly, are the most important thing that must be undertaken within the operations of Islamic banking, since the both are amongst the most important trade-marks of Islamic banking. Moreover, the implementation of the both is considered the initial motivation and cause in establishing Islamic banks in the world. Therefore, this research is viewed very essential because it examines such the considerably important problem.

Furthermore, this research indirectly addresses the public's hesitation towards the practices of Islamic banking particularly the involvement and the existence of interest rate in them. It is inescapable that one of the public doubts upon the Indonesian Islamic banking is the people argues that the operations of Islamic banks are implicitly the same as their counterpart, the conventional banks. Why some of the public argue such that and why they are pessimistic concerning the Islamic banking is because, at least, that there have not been comprehensive information due to lack of research about the problem. Consequently, it is important to make a research for answering such the public's problem. This research is expected to present comprehensive information as needed and to explain clearly such the problem, since hesitation and incredulity of the public, if not eliminated, will affect negatively to the development of the banking themselves.

Last but not least, this research is necessary since it will give solutions and breakthrough for the development of Islamic banking in Indonesia for the future time. It is widely known that in spite of the fact that the Islamic banking is growing significantly year by year in Indonesia, its share is still far below the conventional banking, which is about 3-5 percent, while the age of the bank lasts nearly three decades. Such the phenomenon is a crucial problem for Islamic banking itself. This research is expected to contribute solutions and breakthroughs for developing the banking, and make the banking better and stronger in the future accordingly.

CHAPTER II
LITERATURE REVIEW

2.1. Theoretical Framework

2.1.1. General Concepts on Islamic Banking System

2.1.1.1. Definition and History of Islamic Banking

Islamic banking is defined as banking that employs Islamic principles and rules in its activities and operations. All activities undertaken by the banking, such as saving, financing and the likes, must accord with and base upon Islam. Thus, Islamic banks in performing their roles as the financial institution must comply not only the common banking regulations but also the values as well as the principles of Islam. Or the other word, the operations of Islamic banks must accord with the principal sources of Islam, viz. the Holy Quran and the Hadith[1].

[1] Basically, islamicity level of an Islamic bank depends extremely on to what extend the bank implements the principles and the rules from the both Holy sources of Islam, not only merely by adding the name “Islam” before it instead. It is unavoidable that Islamic banks are criticized by some including Muslim themselves in terms of the currently unsatisfactory operations of the banks, which is regarded that the banks are the same as their counterpart, conventional banks. Moreover, some of Muslim judge that Islamic banks just change their name only into “Islam”, which means that Islamic banks have not applied the values and the principles of Islam perfectly.

One of the Holy Quran verses regarded as the principles of banking operations under Islamic economics is the following verse:

يايها الذين امنوا لا تأكلوا الربا اضعافا مضاعفة واتقوا الله لعلكم تفلحون (ال عمران ١٣٠)

O ye who believe, devour not usury, doubled and multiplied, but fear Allah, that ye may (really) prosper (Ali Imran : 30)[2]

The above verse is the one that declares the prohibition of riba. Such the prohibition is judged as the fundamental principle of Islamic banking. Nevertheless, the prohibition of riba prevails to all activities of human being life. Besides, the verse interdicts those who claim themselves as "mukmin" to have riba or to employ riba in their activities. It indirectly states that the mukmims must be far from riba or must avoid themselves from riba-related economic activities.

It is widely known that the term frequently discussed concerning the operations of Islamic banking and its differentiation with conventional banking is the issue of interest rate. Even though it is still debatable concerning the similarity between riba and interest (Kasri & Kassim, 2009:4), Islamic banking must abstain itself from using interest rate directly or indirectly. This is because that interest rate is viewed as riba or the characteristics of interest rate are the same as riba, where riba itself is prohibited by both the Holy Quran and the Hadith of the Prophet Muhammad SAW.

According to the prohibition of riba, Allah SWT also said in the other verse of the Holy Quran, as the following.

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[2] Translated by Abdullah Yusuf Ali in "The Meaning of The Holy Quran", published by Amana Corporation, USA.

يايها الذين امنوا اتقوا الله وذروا ما بقي من الربا ان كنتم مؤمنين (البقرة ٢٧٨)

O ye who believe, fear for Allah and leave the remains of riba, if you are truly believers (Al-Baqarah 278).

In principle, the verse of Al-Baqarah 278 is the same as the verse of Ali Imran 130 in terms of the strictly prohibition of riba. The both verses corroborate one to another in terms of the banning of riba. In addition, there are several other verses in the Holy Quran as well as the Hadith of the Prophet affirming that riba is forbidden.

Actually, the prohibition of riba is not specific in the banking world only. Such the prohibition covers all economy and finance-related daily activities. Besides, either the Holy Quran or the Hadith does not mention the term "interest rate", the both only state the term "riba". This means that fundamentally Islam bans all economic and financial activities containing ribawi either directly or indirectly, either named as "interest rate" or not. In the other word, although a banking activity or product, for instance, is not termed "riba" or "interest rate", the characteristics of the activity or the product are the same as riba, such the activity or product is prohibited in Islam, since it constitutes riba.

Because it is categorized as riba, interest rate is absolutely prohibited to employ in the Islamic banks' activities; the banks utilize profit-loss sharing system instead. In essence, profit-loss sharing system, well-known as PLS, is a trade-mark of Islamic banking. The PLS system constitutes the specific characteristics of Islamic banking, which replaces the existence of riba or interest rate commonly employed by conventional banking. Accordingly, to adopt PLS system and to avoid from riba or interest rates are the inevitable principles of Islamic banking's operation.

Initially, motivation and wishes of a number of the Muslim scholars and societies in Islamic countries in order to be far from riba or interest system is the starting point for establishing Islamic banking in the world. They really want to the establishment of Islamic banks to replace their counterpart, conventional banks, applying ribawi system. The banks are expected to operate according to the Islamic principles.

The term "Islamic Banking" has actually existed in academic writings long time ago, but practically it was introduced and emerged into the surface when Islamic principles-based banks were established throughout the world, particularly in the early of the twentieth century. The term became more well-known since the Organization of Islamic Conference (OIC) initiated an Islamic bank in the world, so-called Islamic Development Bank (IDB).

The bank considered to apply firstly free-interest system in the world is Mit Ghambr Savings Bank in Egypt (Memon, 2007:5). In spite of the fact that the bank did not name itself as "Islamic bank" by adding the term "Islam" or "syariah", Muslim scholars are likely to claim that it is the first Islamic bank in the world. Unfortunately, due to some reasons the bank was closed down in 1971. In the same year, however, another Islamic bank was built, which is the Nasser Social Bank. The bank was established in Egypt as well.

Four years later particularly in 1975, two big Islamic banks were established in Jeddah and Dubai respectively. The first is Islamic Development Bank (IDB), established in Jeddah, Saudi Arabia. The bank, which is an intergovernmental institution, aims at raising the economic and social development of its member countries. The second is Dubai Islamic Bank (DIB), established in Dubai, United Arab Emirates, which is considered the first major Islamic commercial bank (Chachi, 2005: 19).

After the establishment of such the both Islamic banks, IDB and DIB, other Islamic banks started to be established in Islamic countries throughout the world. The both banks were considered as the motivators for the Muslim society in building Islamic banks. Pakistan, Malaysia, Iran and some other Islamic countries initiated to build Islamic banks in their own countries. Consequently, many Islamic banks existed[3].

At the global level, however, a number of Islamic countries were faster than Indonesia in terms of establishing and implementing of Islamic banking system, such as Egypt, Pakistan and Malaysia. In addition, other Islamic countries such as Iran, Pakistan and Sudan have established Islamic banks in their own country before Indonesia did. Moreover, only Islamic banks were permissible in the countries. Furthermore, in August 2004, the Islamic Bank of Britain became the first bank considered by a non-Muslim country to engage in Islamic banking (Chong and Liu, 2009:125). Currently, Islamic banking rises significantly throughout the world, and nearly acceptable as one of the official banking system as well.

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[3] Indonesia is regarded to be late in establishing an Islamic banking if compared with its neighbour, Malaysia. Moreover, the regulation arranging specifically about Islamic banking system were issued lately, viz. in 2008. The act, so-called Undang Undang Perbankan Syariah, likely needs to be revised because it cannot develop the banking significantly as expected.

As a result, concerning the practices of Islamic banking system in the Islamic world, it could be categorized into three types. The first is the countries that implement the system totally; they are two Islamic countries, Iran and Sudan. The second is the countries that adopt Islamic banking system gradually and they have avoided separate legal and regulatory system, such as Pakistan, Egypt and Saudi Arabia. The third are the countries that have officially separate legal and regulatory system for Islamic banks; they are such as Malaysia and Indonesia (Nomani, 2003:38).

2.1.1.2. Principles of Islamic Banking

It is widely known that Islam arranges all activities related to human being's life, including economic and financial affairs. According to Islam, banking is part of financial activities to which Islam arranges as well as has the specific rules. In addition, banking-related activities are considered part of Islamic activities, which is, surely different with other banking systems in the world. Therefore, although Islamic banking is part of the banking industry in which conventional banking is also part of it, Islamic banking has its specific principles. In short, the principles adhered in Islamic banking are different with those in its counterpart, conventional banking.

Because Islamic banking is part of Islam, and source of Islam itself is the Holy Quran and the Hadith, the principles of Islamic banking are from the both holy sources. Islamic scholars have examined principles of Islamic banking which are taken and based from the Holy Quran and the Hadith. Although there are differences between them, they are the same in principal. El-Hawary et al. (2004:5) divides the principles of Islamic banking into four categories as the following.

1) Risk-Sharing; this principle means that financial transactions of Islamic banking must reflect a symmetrical risk distribution.
2) Materiality; this principle means that all financial transactions must have material finality or a real economic result.
3) No-Exploitation; this principle means that individuals who involve in the Islamic banking transactions are prohibited to exploit one to another.
4) No-Financing of Sinful Activities; this principle means that all either financial and non-financial transactions are banned to be used for producing banned goods and for doing banned services by the Holy Quran.

Basically, Islamic banking or Islamic finance is founded fundamentally on the prohibition of riba. The main propose of Islamic banking and finance is to provide an Islamic alternatives to the conventional system based on riba (Rahman, 2007:123) and Islamic financing itself is working within the sharia framework following certain restriction (Hanif, 2011:172).

The elimination of riba is central to reorganization of financial system on the basis of Islamic principles (Khan, 1989:3). This is the central focus of economic and financial activities, particularly banking industry in Islam. But, it is important to note that not only riba is prohibited but also some other activities are banned, such as gharar, which constitutes part of the Islamic principles of Islamic banking. In this regards, such the principles can be explained by details as the followings (Ahmad & Hassan, 2015:16)[4]:

a) Any predetermined payment over and above the actual amount of principal is prohibited.

b) The lender must share in the profits or losses arising out of the enterprise for which the money was lent

c) Making money from money is not Islamically acceptable

d) *Gharar* (deception) and *Maisir* (gambling) are also prohibited

e) Investments should only support practices or products that are not forbidden or even discouraged by Islam.

Not only does conventional but also Islamic banking constitutes part of the banking industry. Due to as part of the banking industry, Islamic banking is a financial institution in which the roles as well as the goals are the same as other financial institutions. As the financial institution, the principal goal of Islamic banking is similar to its counterpart of conventional banking, which is to achieve profit as much as possible. Nevertheless, Islamic banking must take into consideration the Islamic principles regarding achieving such the profit. This means that as long as the Islamic banking does not violate the Islamic principles of banking, it is acceptable to gain the profit level as high as possible.[5]

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[4] Cited from Nida'ul Islam Magazine, "Principles of Islamic Banking", issue No.10, November-December 1995.

[5]The reality shows that a number of Islamic banks currently operating in Indonesia are from conventional banks in which they are units of the conventional banks, which is so-called UUS (Unit Usaha Syariah). They are such as Bank Syariah Mandiri from Bank Mandiri, BRI Syariah

2.1.1.3. Index of Shariah Compliance (ISC) of Islamic Banking

As defined, Islamic banks are the banks applying Islamic principles within their operations. In addition, Islamic banks, the Indonesian Islamic banks for instance, not only must operate according to banking rules due to as part of banking industry, but also must implement the Islamic rules in their activities. Hence, the banks will be called as the Islamic banks as long as they can fulfill such the both rules. Nevertheless, the implementation of Islam based-rules of banking is the yardstick for the Islamic banks, which means that they cannot be regarded as the Islamic banks if the values and rules of Islam are far from their operations. In short, the more the Islamic values are applied by the banks, the more Islamic the banks are.

However, it is quite difficult to measure the level of islamicity or Index of Shariah Compliance (ISC) of an Islamic bank. This is because that the term "Islam" or "syariah" is an abstract word to which there are several definitions provided by Islamic scholars. Besides, the term has a general meaning, either qualitatively or quantitatively. Thus, there is no a specific measure to compute the islamicity level of something, including the islamicity level of an Islamic bank. In addition, the popular term that constitutes the specific feature of Islamic banks is the variable of interest rate and the existence of the rate is still debatable among Islamic scholars. Nevertheless, some researches have made quantitative-based measurement

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from BRI, BNI Syariah from BNI, and others, except Bank Muamalat Indonesia, to which firstly established as a commercial Islamic bank.

methods in computing islamicity level of an Islamic bank, such as by using syariah maqashid index and others[6].

Index of Shariah Compliance (ISC) of an Islamic bank, one of them, can be determined by computing the implementation of Islamic principles of banking within its operation. According to Hawary, et al. (2004:5), there are four principles of Islamic banking considered as the trade-marks of the banking, viz. risk-sharing (RS), materiality (M), no exploitation (E_n) and no financing of sinful activities (FS_n). If Index of Shariah Compliance (ISC) of Islamic banks is counted by measuring the number of such the principles implemented by the banks, in the mathematical form, the index could be written as the following.

$$ISC = f(RS, M, E_n, FS_n) \qquad (2.1)$$

The first principle of risk-sharing defines that products offered by Islamic banks must base upon the risk-sharing system[7]. Moreover, such the principle is actually the main characteristics of Islamic banking as well as the absolute differentiation from conventional banking. Currently, there are two types of financing categorized as risk-sharing based products, i.e. Mudharabah (Mudh) and Musyarakah (Musy). The both products could be regarded as the measure of

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[6] Several researches have been done to explore the islamicity level of an Islamic bank, some of them are by using syariah maqashid index. For this research, the write names "Index of Shariah Compliance" or ISC. Technically, syariah maqashid index and index of shariah compliance are the same, the differentiation is in terms of the indicators or standards employed for such the indexes.

[7] Fundamental principle of Islamic finance is the risk and profit-sharing feature of transactions, prohibition of interest or riba, gambling or maysir and excessive uncertainty or gharar (Karim, et al, 2012: 669)

islamicity level of Islamic banking in terms of the first principle[8].

PLS system is a unique feature of Islamic banking (Chong, 2009: 126). The system is the primary characteristics of the banking as well. Moreover, it is the key distinction between Islamic and conventional banks. Because only two categories of financing accord with the PLS system, the identity will be as the following:

$$Fin_{pls} = Fin_{mudh} + Fin_{musy} \quad (2.2)$$

Where ; $$Fin_{iB} = Fin_{pls} + Fin_{non\text{-}pls} \quad (2.3)$$

$Fin_{pls} > Fin_{non\text{-}pls}$[9]

The formulas (2.2) and (2.3) are the quantitatively measured-indicators to compute the compliance level of Islamic banks. The equation (2.3) indicates that there are in general two categories of financing undertaken by Islamic banks, namely PLS and Non-PLS based Financings. The both also consist of a number of financings.

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[8] Legally, Islamic banks must not concentrate their financing only the both types of financing, mudharabah and musyarakah, which means that it also is acceptable to finance other products such as murabahah, ijarah and the likes. Nevertheless, the both types of financing are the specific features of Islamic banking.

[9] $Fin_{non\text{-}pls}$ denotes types of financing beyond PLS system. There are several products of financing ordered by Islamic banks that do not base upon PLS system, such as murabahah, ijarah, BBA and others. $Fin_{pls} > Fin_{non\text{-}pls}$ means that the amount of financing for PLS-based schemes is expected to be more than for Non-PLS-based products. A pragmatic shift in Islamic banking and finance is the almost complete move from supposedly Profit and Loss Sharing (PLS) banking to a sales-based and debt-based system (Saeed, 2004).

Due to the assumption that the better Islamic banks are those implementing the PLS system in their operations, ISC is positively related to the number of PLS financings. The more PLS financing, the more ISC of Islamic banks and which in turn the less Non-PLS financing. Or the other word, the more Non-PLS financing, the less ISC of Islamic banks as well as the less PLS Financing. Therefore, the level of ISC is could be written as follows:

$$ISC_{index} = f(Fin_{pls}, Fin_{non\text{-}pls}) \qquad (2.4)$$

In addition to the above variables, the level of ISC is also determined the existence and the influence of interest rate towards Islamic banks. This is because that Islamic banks must be far from the variable of interest rate, either directly or indirectly. Financing provided by Islamic banks must avoid from interest rate. In addition, profitability earned by the banks must not also be influenced by interest rate. As well, the profit sharing rate is not allowed to follow interest rate.

In short, the variable of interest rate must be free within the operations of Islamic banks. It is widely known that there are two very important characteristics of Islamic banks, i.e. free-interest rate and PLS-based system. The both characteristics are also considered as the trade-mark of Islamic banking. In this regards, the level of ISC can also be computed by the both, free-interest and PLS-based financing.

$$ISC = f(Fin_{pls}, i_{-td}) \qquad (2.5)$$

where : i_{-td} means interest rate-towards dependence

The equation (2.5) reveals the level of ISC index[10] is determined by the amount the PLS-based financing, viz. mudharabah and musyarakah, and dependence level of interest rate towards their operations, which is at least in three schemes; financings, profitability and profit sharing rates. Such the dependence level towards interest rate can be measured by computing coefficient correlation between them.

2.1.1.4. Profit Sharing Rate, Islamic Banking and Islamic Monetary Policy

Monetary policy is the policy that has strong relationship with interest rate and banking. In addition to another policy, i.e. fiscal policy, monetary policy aims at achieving economic stability and growth concurrently. Such the goals are achieved by organizing the volume of money in the economy with its prominent tool, namely "interest rate" and the banking itself is the place of the money collected. To control as well as to organize the volume of money in the economy, monetary policy utilizes its monetary instruments employing dominantly interest rate as the yardstick[11]. Therefore, interest rate, banking and monetary policy are the three important variables in the economy that influence one to another.

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[10] Nevertheless, by theory, ISC index is not limited to the both terms (Fin_{pls}, i_{-td}), which means that there are several terms could be used as the indicators to compute the index. As explained in the earlier, there are four important characteristics of Islamic banking and finance.

[11] According to some macroeconomics literatures, there are several monetary instruments employed by the monetary policy in getting stabilization of money supply in the economy, which in turn to achieve the policy's goals. They are well-known: open market operation, discount rate and reserve requirement. The both former are based upon interest rate, the other latter is not.

The phenomenon as explained above is what prevails in the existing economy system or monetary policy. In some Islamic economic literatures, it is called conventional economics or conventional monetary policy. As to Islamic economics, monetary policy is also regarded as the important part of such the economic system. In general, monetary policy, such as characteristics, features, under Islamic economics literatures is the same as with conventional monetary policy. The differentiation between the both lies in using the variable of interest rate or not, where Islamic monetary policy bans utilizing interest rate.

Instead of the variable of interest rate, monetary policy under Islamic economic system employs the variable of profit sharing rate[12]. Moreover, profit sharing rate is used as the yardstick in economic and financial activities. For instance, profit sharing rate is to replace interest rate that usually used by conventional banks. In this regards, there are several variables and terms found in Islamic banking literatures, such as musyarakah, mudharabah and the likes, which adopt the variable of profit sharing rate. Profitability, financings and deposits, the three important terms of the Islamic banks operations, employ the rate of profit sharing as the conventional banks do towards interest rate.

Islamic monetary policy in attaining its objectives must employ the tools and instruments that are far from interest rate. Such the monetary policy has to utilize, in the face of the

[12] Profit sharing rate or rate of return in Islamic bank defines as how much money will be received by depositors from their deposit in Islamic bank for one year. The rate is equivalent with conventional bank`s interest rate (Anwar & Watanabe, 2010: 170)

objectives, the free-interest-based variables or instruments. Iran is an Islamic country has adopted and implemented monetary policy by replacing interest rate with profit sharing rate (Kiaee, 2007). The experience of the county has proven that profit sharing rate can substitute the position of interest rate in arranging the volume of money in the economy, which eventually reaches the economic stability and growth. The scenario of such the policy monetary, theoretically and practically, from the beginning to the end, is the same as what prevails in interest rate-monetary policy.

The first instrument under Islamic monetary policy as experienced by Iran is musyarakah certificate (Kiaee, 2007:11). The certificate is to replace the role of the conventional monetary instrument of open market operation. It is known, through the open market operation, a central bank buys and sells certificates with interest rate as the yardstick, and the bank can control the volume of the money in the economy. Musyarakah certificate, according to the Iran's experience, works as the open market operation in terms of controlling the money. However, the selling and buying of certificates without using interest rate as the conventional instrument does.

The second instrument is controlling profit rate of commercial banks. This monetary instrument is similar to discount rate instrument of conventional monetary policy, but it applies the variable profit rate not interest rate. It is widely acceptable that banking industry is a financial institution that has the important role towards the supply of money in the economy, since the money the people hold is from the institution. In this regards, the central banks can control the volume of money by controlling or managing commercial banks with the discount rate instrument[13].

Under Islamic monetary policy, arranging the volume of money can be done by the central banks through controlling profit rate of commercial banks. The rate of profit will influence the wishes of commercial banks to borrow money from the central banks, which in turn will induce the number of money in such the commercial banks. When monetary authorities want to reduce the volume of money in the economy, they increases the profit rate of commercial banks, and the banks borrowing from the central banks will decrease, and the supply of money in the economy reduces accordingly.

The other instruments, according to the Iran's experience, are legal reserve, special deposits to central bank and credit celling. These instruments do not use interest rate and their roles are the same as the previous instruments, in particular to achieve the goals of monetary policy themselves. Actually, in principal, whatever instruments, either those have been experienced by Iran or others, are acceptable to be the monetary tools or instruments under Islamic economics as long as they do not oppose to Islamic economic principles. Concerning monetary policy, which is dominantly related to the money, monetary instruments must be far from the variable interest rate directly or indirectly.

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[13] The instrument of discount rate is the rate or the price burdened to commercial banks that loan money from the central banks. It is akin to interest rate between commercial banks and the people. The people have to pay the rate (in the form of interest rate) due to borrowing money form the banks. The commercial banks have to pay the rate (in the form of discount rate) to the central banks if they borrow money from them.

2.1.2. Reviews on Interest Rate

2.1.2.1. Definition and Theories of Interest Rate

Interest rate is generally defined as the cost to hold the money. The rate is also regarded as the yield for the money owners because they borrow it to the others[14]. As an illustration, those who borrow the money must pay in the form of fee to the money owner at the certain rate, and those who lend the money will get the fee from the borrower. Such the kind of fee is named as the interest rate. Interest rate is also called the bridge or link between income and capital. It is also defined as the per cent of premium paid on money at one date in terms of money to be in hand one year later (Fisher, 1974:13).

Interest rate is also named as the fee in which borrowers pay to lenders due to using their funds (Case, 2012:213). There are several ways to borrow the funds, firms and governments, for instance, borrow the funds by issuing bonds, and those who purchase the bonds will be paid in the form of interest rate by them. In addition, the rate is determined as the price paid by borrowers to lenders for the use of resources during the specific time (Fabozzi, et al, 1998). It is also called as the price of money, if such the money is used as the capital, interest rate is called as the price of capital or the cost of capital. Therefore, the rate constitutes the important variable in determining

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[14] Interest rate is also considered as a variable which is created by supply and demand intersection of money resources and it is not regarded as a monetary instrument. But it has a vast capability for re-allocation of resources which can act an important role in the economy. (Bidabad, 2011:235)

individuals whether they save the money in the banks or invest them in the markets.

With respect to the price level or inflation, interest rate is divided into two categories, nominal interest rate and real interest rate. The nominal interest rate is the rate received by the borrowers without considering inflation rate or the price level, while the real interest rate is the rate that has included the inflation rate. In the other word, the real interest rate is the differences between the nominal interest rate and the inflation rate (Mankiw, 2010). If π, i and r denote the inflation rate, the nominal interest rate and the real interest rate respectively, such the relationship can be written as the following:

$$r = i - \pi \qquad (2.6)$$

The equation (2.6) also means that the nominal interest rate (i) is the total of real interest rate and inflation rate, while the inflation rate itself is the differences between nominal interest rate and real interest rate. Look at the following equations.

$$i = r + \pi \qquad (2.7)$$

$$\pi = i - r \qquad (2.8)$$

The equations (2.6), (2.7) and (2.8) indicate implicitly that interest rate has strong relationship with the level of price and the level itself will determines the level of profit. Thus, interest rate indirectly impacts upon the level of profit and which in turn influences investors to invest or not their funds in the economy. The lower interest rate, the higher profit gained and the more money invested in the economy, and vice versa, the higher interest rate, the lower profit and the lesser investment.

Concerning its theory, there are several theories describing the existence of interest rate in the economy and banking. The earlier theory exploring on interest rate is the one proposed by the classical economists, which is so-called the classical theory of interest. The latter is the theory proposed by John Maynard Keynes, which is so-called the Keynesian theory of interest rate. The theory of interest rate under the classical school is commonly called *loanable funds*, while under the Keynesian is called *liquidity preference.*[15] The both theories are the primary or fundamental theory of interest rate in the economics literature; nonetheless, there are also other theories on the rate proposed by economists.

According to the school's theory, interest rate is determined by two factors, i.e. demand for capital and supply of capital. Demand for money occurs when individuals need to money to invest in the economy, while supply of capital happens as individuals to save the money in the banks. Consequently, high or low rate of interest, according to the Classical, is determined by such the investment and saving rates.

Keynes views that interest rates behave due to a reaction of changes in the supply of and the demand for money rather than in the supply and demand for savings. Interest rate, according to the theory, is an opportunity cost of holding money in which the people may convert money into bonds. Accordingly, if interest rate is high, opportunity costs increase

[15] The author views, in principle, that both theories are the same in terms of the existence of interest rate which related to the money as well as the economy. In addition, definitions provided by them in general indicate the similarities in which they argue that interest rate is a fee or price or cost for using the funds.

and the people are decreasing wish to hold money instead of profitable bonds. One of the important things regarding Keynes's theory towards interest rate is that it is assumed that the supply of money in the economy is not affected by interest rate. The institutions that play roles in controlling such the money supply are governments and central banks.

With respect to monetary policy, interest rate is regarded as the important tool to organize and control the volume of money in the economy. To fluctuate the rate of interest will induce for increasing or decreasing the supply of money, which in turn impact to the economy. For instance, when the economy is in downturn condition which needs to more investment activities, usually the monetary authorities reduce interest rate[16]. This will persuade investors to do investment more due to low price of money, the economy will increase accordingly

Another is when the rate of inflation is high, which is worried to give a negative effect to the economy, such as reducing real income. The policy issued is to increase interest rate. When the rate is high, the supply of money in the economy will reduce, either from investors or households. Investors prefer not to invest because the cost of capital is high, which lessens the profit they get. Households also prefer to

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[16] However, the level of investment is not solely influenced by the variable of interest rate only, several variables are also as the considerations for doing investment. But, the rate is the most dominant one instead. Interest rate is the cost of capital must be paid or considered by investors who want to invest and not only cost of capital considered by the investors. Political situations, expected-returns and the likes are among such the considerations. This is because that investment is not only determined by economic-related factors but also by political and social-related ones.

save their money rather than to consume as well. Hence, the supply of money in the economy will decline and finally the level of inflation will decrease.

2.1.2.2. The Existence of Interest Rates towards Banking

It is broadly recognized that banking is an important institution in the economy. It is somewhat similar to a heart for a body to pump blood to all organs, if no heart or no blood-pump activities, the body will die. The economy will live and develop well in a country if the banking industry runs healthily. Based upon some countries, the failure of the economy usually begins with the bankruptcy of financial markets, viz. banking industry. Indonesia is the sharp instance of such the mentioned phenomenon particularly when the country was attacked by the crisis in 1997/1998. It is known that the important cause making the crisis heavier than other countries is that the Indonesian banking sector also suffered from the crisis. In short, banking is an unavoidable institution towards the economy.

In playing its roles towards the economy, one of the very important variables is interest rate. Interest rate is known as the inevitable variable in the banking world. Studies on interest rate are commonly related to banking, and vice versa, discussions regarding banking also include the studies of interest rate. Interest rate and banking are the both elements in the economics and finance literatures, which have strong relationship one to another. The reality always shows that the former will effect on the performance of the latter, and the latter will change the former.

What causes the both elements have strong relationship each other is that the variable of interest rate is regarded as the price of money and the banking itself is the place at which the price of money determined. The banking (a bank) is the place at which individuals sell and buy the money with the price of interest rate. Moreover, the variable of interest rate is judged as the important tool for banks to encourage individuals to place their money in them. The rate is the reason by which investors consider to borrow money from the banks as well.

As to banking industry, it is widely known that there are two popular types of interest rate, viz. the rate for saving or deposit and the rate for credit. The both rates play the important role towards the operation as well as the development of banks. The number or level of profit to which banks gain extremely depends upon such the both rate. The rates are the considered-indicators for the people to save or not as well as to borrow or not.

In addition, the banking's interest rates are as the bridge to bring monetary policy towards the real economy[17]. It is known that monetary policy's goal is to achieve the economic stability and growth and such the goal is reached by organizing and controlling the volume of money in the economy. Discount rate, for instance, is one of the important monetary instruments that extremely relates to the banking's interest rate in controlling money supply in the economy. To boost and to lower "discount rate" will influence banks in determining their rates and finally will effect on the supply of money by them.

[17] In terms of monetary policy, there are three roles of interest rate. The first is as an instrument variable directly linked to the ultimate policy goals. The second is as an instrument variable employed to pursuit an intermediate target. The third is as an information variable (Friedman, 2000).

However, concerning Islamic banking system, the variable of interest rate does not exist in Islamic banks and it is replaced by the variable of profit sharing rate. The rate of profit sharing plays all the roles of interest rate as well. Besides, the profitability gained is determined by the profit sharing rate as interest rate under conventional banks. Moreover, the rate is as the main factor influencing individuals to deposit as well as to borrow money from Islamic banks. In short, all roles commonly played by interest rate under conventional banks are conducted by profit sharing rate under Islamic banks[18].

2.1.2.3. Interest Rate under Islamic Banking System

The term "interest rate" is the one to which dominantly discussed in Islamic economics literatures, since it is one of the most important variables in the economy and banking. In addition, interest rate is the core element that differentiates between Islamic economics system and others. The variable is the prominent element that makes a distinction between Islamic and conventional banking systems as well. In short, the element usually used as the standard in determining whether Islamic or not for a banking and financial system is the variable of interest rate.

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[18] It is important to be noted that technically the roles of interest rate in terms of banking operations are the same as profit sharing rate, but the characteristics of them are very different. The existence of interest rate under conventional banks is the same as the existence of profit sharing rate under Islamic banks. As well, with respect to monetary policy, in which the policy extremely relies on the variable of interest rate in carrying out its roles, the variable of profit sharing rate is to plays the roles of interest rate in achieving the goal of monetary policy. It means that profit sharing rate could be as the yardstick for monetary instruments in undertaking the policy's roles, such as controlling money supply in the economy and others.

It is important to be noted that the adoption and implementation of a free-interest banking system is the primary motivation for the establishment of Islamic banks firstly in the world. Nevertheless, there is still debatable amongst Islamic scholars regarding the existence of interest rate. They are in the same opinion in terms of the riba prohibition because it is clearly declared either by the Holy Quran or the Hadith. The majority of the scholars argue that the variable of interest rate is prohibited in Islam, because it constitutes the element of riba, and riba itself is banned in Islam.

Why Islamic scholars are in different views regarding the acceptability of interest rate is because that there are several definitions among them about riba. They differ to define the term “riba” itself. The technical meaning of riba has been a controversial issue particularly since the development of modern banking (Nomani, 2003:38). Concerning the acceptability of interest rate, part of Islamic scholars argues that everything called “interest rate” or related to the rate is not permissible. Nevertheless, the other part, moderate ones, judge that only excessive or high interest rate is regarded as riba and prohibited, but low interest rate is not considered as riba and allowable[19].

Some scholars argue that interest rate is prohibited in loans, but not in deferred sale contracts. They claim that there are two types of prices for the contracts, the immediate cash price and the deferred price. They judge that the time has share

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[19] This means that the prohibition of interest rate does not lay in the interest rate itself, but it is subject to high or low of the rate. The writers does not investigate which the views true are.

in the price, which means that interest rate likely exists in the form of such the two prices. Therefore, according to them, interest rate is not only permissible in sale transactions, but it is a duty (Al-Masri, 2004:40).

In Indonesia, Muslim scholars who are joined in the two great Islamic organizations, Muhammadiyah and Nahdhatul Ulama (NU), have the same assessments towards the existence of interest rate. Their views are divided into three categories: *haram, makruh* and *mubah*. Nevertheless, concerning riba, the both great organizations absolutely agree that it is *haram* or prohibited in Islam, but what is the truly riba is different among them. Moreover, the differentiation in defining the term "riba" is the core basis that induces them to vary in determining acceptability or unacceptability of interest rate.

In the other word, those who argue that riba is the same as interest rate, the rate is haram, and vice versa, for those who argue that riba is not the same as interest rate, the rate is not haram, the rate is only makruh or mubah. It is important to be noted that the term "interest rate" is not mentioned in either the Holy Quran or the Hadith of the Prophet Muhammad SAW. The both sources of Islamic law only mentions the term "riba". This is one of the reasons that Islamic scholars varies in the view of interest rate of conventional banking.

2.1.3. Determinants of Profitability, Deposit and Financing under Islamic Banking Perspectives

2.1.3.1. Determinants of Profitability in Islamic Banking

Profitability is considered as the important term in the banking literatures. The term is usually used as the indicator of the performance of a bank as well. With respect to profitability measures, there are several types of financial ratios could be employed to determine the bank's profitability. Two of them are Return on Assets (ROA) and Return on Equity (ROE), to which regarded as the both important yardsticks for measuring profitability in banking. Such the ratios prevail in determining the profitability of Islamic banking as well.[20]

Owing to as commercial institutions, theoretically either conventional or Islamic banks has the same concept concerning profitability, which is at least the primary goal of such the institutions is to achieve profit as much as possible. Nonetheless, the differentiation between them lies on the basis of the variables inducing the profitability itself, where the interest-based variables or determinants are not acceptable as the profitability measures under Islamic banking principles. In a word, variables containing or related to the variable of

[20] ROA is Return on Assets, which is also called "net income to total assets", and ROE is Return on equity, which is also called "net income to total equity". ROA is the ratio between net income and average total assets, that is, net income is divided by average total assets. ROE is the ratio between net income and total average equity, that is, net income is divided by total average equity. However, due to some reasons, this research only employs ROA to measure profitability of the Indonesian Islamic banks. This is because that this research just investigates the influences of interest rate only towards the profitability performance of the banks, thus, only ROA is regarded enough.

interest are banned to be employed as the determining terms of profitability in Islamic banks.

Concerning profitability determinants, variables determining profitability of a bank can be divided into two categories, viz. internal and external variables. The internal variables consist of financial and non-financial statements, to which are controlled by the bank management itself. Meanwhile, the external variables are the ones that cannot be controlled by the management, such as inflation rate, government policies, taxes, competition and scarcity of capital (Ali et al., 2012:88). Hence, internal as well as external variables are at the same position to determine the profitability of a bank, depending upon the strength of the variables themselves.

For simplicity, the profitability could be written as the following:

$$\pi = f\,(V^i, V^x) \qquad (2.9)$$

Where: $V^i \neq V^x$; $V^i = (X_1, X_1, X_1, ...X_m)$ and $V^x = (Y_1, Y_1, Y_1, ...Y_n)$

The symbol "π" indicates rate of profit or the number of profit earned by a bank, while V^i and V^x mean internal and external variables respectively. The equation (2.9) states that there are generally two kinds of variables that determine the banking's profitability, the first are those that can be controlled by the banks themselves, and the second are those that cannot be controlled.

Haron and Azmi (2004:3-4) argue that internal variables are also divided into two parts, i.e. financial statement variables and non-financial statement variables.

According to him, the financial statement variables constitute those that related to the management of the balance sheet and income statement, whereas non-financial statement variables are the ones that have an indirect relationship with items in the financial statements, including the number of branches, status of branches, location and size of branches and banks.

Among the mentioned variables, one of the key variables that affect the profitability of banks is interest rate because the rate is the benchmark in obtaining their profit. It is in line with the research conducted by Molyneux and Thornton (1992) on the variable determining the profitability in a number of banks in European countries, which reveals that there are three variables that have positive relationship significantly towards the profitability, one of them is interest rate. Thus, profitability model of banks could be written as the below:

$\pi = f(i)$; because π is represented by ROA,

Therefore:

$$ROA = f(i) \quad (2.10)$$

Because the interest rate is excluded from Islamic banking system and it is replaced by the variable of profit sharing rate (PSR) instead, thus, the model for the Islamic banking profitability will be:

$$ROA = f(PSR) \quad (2.11)$$

The model (2.11) is the one that accords with the principles of Islamic banking because the profitability of Islamic banks must not be influenced by the variable of interest rate. Due to as the barred-term under the principles, Islamic banks have to avoid utilizing interest rate when determining their profitability and must dodge themselves from the rate's influencing. However, a number of experiences taking place throughout Islamic countries implementing Islamic banking system, show that such the profitability of the banks is also influenced by the variable of interest rate[21].

In this regards, the profitability of Islamic banks will be determined by the following two variables:

$$ROA = f(PSR, i) \qquad (2.12)$$

In addition to the mentioned variables, another determinant is liquidity of the banks. It is reasonable that liquidity has relationship towards profitability since the liquidity is the device in achieving the profitability. Bourke (1989) claimed that liquidity of banks has a positive relationship with their profitability. This view is in line with the research by Haron and Azmi (2004) where it found that liquidity, one of the internal factors, has highly correlation with the income and profitability of Islamic banks. In addition, Masood et al. (2009) also resulted as the above in which their findings indicate the profitability of banks is determined by operational efficiency, earning assets to deposits, CAR, GDP and financial development.

[21]The phenomenon, according to the writer, is caused by the reality that interest-based banks have been dominantly operating in Islamic countries. For instance, Indonesia and Malaysia, even though the both countries are considered as the Muslim countries and Islamic banks have been being operated in the countries for several decades, the shares of Islamic banks are still under about 5-10 percent. Currently, only two Islamic countries in the world have been adopting Islamic banking system totally, viz. Iran and Sudan. For the both countries, all elements and equipment related to adopting and implementing Islamic banking system have been Islamized, such as monetary policies.

Briefly, both deposit and financing are considered as the most important variables in determining the profitability of banks, either conventional or Islamic banks. Both depositing (saving) and financing are the common activities of banking industry instead. Therefore, profitability model of Islamic banking will be as the following:

$$ROA = f(PSR, i, Fin, Dep) \qquad (2.13)$$

Actually, there are other variables that also influence the bank's profitability. Economic and monetary variables such as inflation, economic growth, exchange rate and the likes constitute among the variables that determine the profitability of banks either Islamic and conventional banks.

2.1.3.2. Determinants of Deposits in Islamic Banking

Not only do conventional banks but also Islamic banks have the role to collect funds from the public. Moreover, the role of collecting the funds from the public is considered an essential task for Islamic banks. It is widely known that the funds from the public are the main source of capital for either Islamic or conventional banks. The funds collected from the public are usually called "the third party-fund" or generally named as deposits or saving. Such the funds are very important for the banking industry because they usually cover about two-third of the total of banking's capital.

According to the Classical and Neo-Classical Economics, deposit or saving is a function of the rate of interest. In addition, John Maynard Keynes (1936), the founder of the Keynesian school, views that, in the long run, changes of interest rates will effect towards the people's saving propensity. In addition, Milton Friedman (1957), as known as the neo-classical economist, also argues the importance of interest rate in terms of the public saving. Thus, level of deposits in a banking industry is influenced by the variable of interest, for simplicity it could be written as the following.

$$Dep = f (i) \qquad (2. 14)$$

Nonetheless, Islamic banking is prohibited to employ the variable of interest rate, the banking is suggested to use the variable of profit sharing rate (PSR) instead, so deposit in Islamic banking is a function of the rate of profit sharing. The variable *i* is replaced by the variable PSR.

$$Dep_{iB} = f (PSR) \qquad (2. 15)$$

Model (2.15) above is the truly model of deposit under Islamic economics perspective, which means that the Muslim society must consider PSR as the yardstick of their deposits the banking industry or financial markets, instead of interest rate. This model is to assume firstly that interest rate is the same as riba, or constitutes the ribawi activities, and secondly that the Muslim society follows and performs perfectly Islamic banking system as expected and ordered.

However, currently the majority of Islamic countries have implemented dual banking system, conventional and Islamic banking systems, in which the interest rates as well as profit sharing rates are also utilized simultaneously by their banking industry. Among of the countries are such as Indonesia, Malaysia and other Islamic countries. Usually, for such the countries, not only profit sharing rate but also interest rate will influence the level of deposits in Islamic banks (Haron & Ahmad, 2000). Therefore, in this case, deposits in Islamic banking are determined by PSR of Islamic banks and interest rate of conventional banks (CBR).

$$Dep_{IB} = f\ (PSR, CBR) \qquad (2.16)$$

The model (2.16) constitutes the model of Islamic banking deposits in terms of the empirical side, not the theoretical side, since the theory of Islamic banking does not include the variable of CBR. PSR is the rate determined by Islamic banks towards the funds deposited by the public in the Islamic banks, while CBR is the rate determined by conventional banks towards the fund placed by the public in the conventional banks. Technically they are the same, but principally they are different one to another. The former, PSR, is accepted in Islam, while the latter, CBR, is banned.

In addition to the both popular variables, the deposit in Islamic banking is also influenced by macroeconomic variables. It is rational that deposits are influenced by macroeconomics-based terms, since Islamic banking is part of the banking industry and the industry itself is the inevitable part of the economy, which has strong relationship one to another. One of the important macroeconomic variables determining the level of deposits is inflation. Inflation is usually defined as an increase of several prices of goods and services in the selected regions and periods.

Concerning the relationship between inflation and saving, there are several channels where inflation will affect on the saving behavior. The first is that greater uncertainty will raise savings, the second is that inflation can persuade saving through its impact on real wealth (Haron & Azmi, 2005). Besides, if the incomes are not indexed, unanticipated inflation will influence unanticipated cuts in the real income and finally such the phenomenon will decrease the saving rates (Deaton, 1991). Nevertheless, in the long run, in the condition of super-neutrality of money in the ultimate sense, the variable inflation cannot impact towards savings level (Heer & Suessmuth, 2006).

In Islamic economics, inflation is a naturally economic phenomenon that happens in the economy, which is also regarded to influence the saving level in Islamic banks. The phenomenon of increased price, according to Islamic economics, constitutes as the normative occurrence in which it is acceptable if there are changes of the people's behavior in terms of saving level. Therefore, the saving or deposit level of Islamic banks could be drawn as follows.

$$Dep_{IB} = f\ (PSR, CBR, P) \qquad (2.17)$$

Last but not least, the important variable which is also considered to give effect towards the Islamic banking's deposit is income. It is widely known that saving is the function of income, since the individuals who want to save their money in banks due to surplus income. The more money or income they have, the greater possibility to save or to deposit in the banks, or vice versa. In this regard, economic growth effects positively towards the deposit level of Islamic banks (Abduh and Sukmana, 2011). Because income or economic growth is considered as the term inducing saving level, thus, the Islamic banking's deposit model will finally be as the below.

$$Dep_{iB} = f\ (PSR, CBR, P, GNP)^{22} \qquad (2.18)$$

[22] Yusoff and Wilson (2005:47), through their research, finds that gross domestic product, rate of return to depositors, the consumer price

In general, currently there are three kinds of deposits theoretically in Islamic banks, which are the same as what prevails in conventional banks. They are current account deposits of al-wadiah, deposits account deposits of al-wadiah and investment account deposits of mudharabah. Besides, investment account deposits of mudharabah comprise two categories, viz. general investment deposits and specific investment deposits (Ali, 2012).

2.1.3.3. Determinants of Financing in Islamic Banking

In addition to organize deposits from the public as the main sources of funds, Islamic banks also undertake financing activities to which considered as the most important role of the banks. As a commercial institution, the goal of financing in Islamic banking system is the same as conventional banking's, which is to acquire profit as much as possible. Nevertheless, the ways as well as the strategies employed by the Islamic banks in terms of gaining the profit are enormously different with their counterpart, conventional banks, in which they must accord to the principles of Islam.

One of the core financing principles under Islamic banking system is free-interest based, which means that the determinants of the financing must be free from the variable of interest rate[23]. Therefore, interest rate which is regarded as the

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index (CPI) are considered as the important factors or variables to explain the deposits in the Islamic banks in Malaysia

[23] The prohibition of interest rate is the general principle of Islamic banking, which also prevails in financing activities of the banking. The cause for the prohibition of interest rate is the same as in other terms of Islamic banking, in which interest rate is considered as riba or the rate constitutes part of riba-related activities. Therefore, financing activities of Islamic banks must evade from the variable of interest rate.

dominant variable is replaced by the variable of profit sharing rate. In the other word, profit sharing rate is the core variable in determining the volume of financing of Islamic banking, as interest rate does under conventional banking. Financing under Islamic banking system must concentrate on products related to the risk-taking and profit loss sharing principles[24]. Mudharabah and musyarakah are the most important products of Islamic banks because they accord to the Islamic banking principles[25].

On account of free-interest, the term "credit" is not mentioned in Islamic banking literatures, the term "financing" is well-known to replace the position of it instead. Technically, the term "financing" is the same as "credit" to which determined by interest rate as the core variable and credit itself is the other name of supply of money. Because supply of money is determined by the variable of interest rate, therefore, credit is the function of interest rate.

$$Cred = f (i) \qquad (2.19)$$

As stated earlier, under Islamic banking literature, the term "credit" is replaced by the term "financing" and the variable "interest rate" is replaced by "profit sharing rate", so, financing under Islamic banking system can be written as the following :

$$Fin = f (PSR) \qquad (2.20)$$

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[24] In the theoretical framework, Islamic finance differs significantly from conventional finance, where one of them is that shariah-compliant finance does not allow for the charging of interest payments (Beck, 2013: 433)

[25] Nevertheless, basically other kinds of financing products are acceptable to be adopted and implemented by Islamic banks as long as such the products do not oppose with the Islamic law.

Islamic scholars argue that there are two financing types or products that accord to PLS-based in which the variable of profit sharing rate as the yardstick, viz. Mudharabah and Musyarakah. The both kinds of product are actually as the symbol of Islamic banking. Thus, the model of financing is the following:

$$Fin_{(mudh,\ musy)} = f\ (PSR) \qquad (2.\ 21)$$

Where:

$Mudh + musy \leq Fin$

$PSR > 0$

The model above (2.21) is the pure model of financing as expected in Islamic banking and finance. Although Islamic banks have several types of financing, such as mudharabah, musyarakah, murabahah, bai' bitsaman 'ajil[26], or the likes, which means the financings are not PLS-based ones only, the variable of interest rate must be free from them. Concerning the Indonesian experience, financing products offered generally by Islamic banks in Indonesia consist of six schemes, namely murabahah, ba'i salam, ba'i istisna, ijarah, murabahah and musyarakah (Adnan, 2007:221). The Islamic banks must avoid themselves from the existence of the rate directly or indirectly.

[26] Bai Bitsamin Ajil (BBA) is a sales contract whereby the bank purchases the asset required by the customer at the market price and then sells it to the customer at a mark-up price (Kader & Leong, 2009:190). Technically, the financing product of murabahah is the same as BBA, nevertheless the Indonesian Islamic banks dominantly use the term "murabahah" rather than BBA.

For instance, murabahah financing, such the financing which does not make up the PLS typed-financing but the mark-up typed one, has to absolutely be far from the existence as well as the influence of interest rate. Based upon experiences throughout Islamic countries, the murabahah financing is the dominant one adopted by Islamic banks including in Indonesia. Even though murabahah financing is not PLS-based but mark-up based, the financing must avoid from the influence of interest rate. Such the model as follows:

$$Fin_{(mura)} = f\ (PSR)$$

Where:

$Fin_{mura} = Fin_{mark\text{-}up}$

$Fin_{mudh} + Fin_{musy} = Fin_{pls}$

$Fin_{mark\text{-}up} < Fin_{pls}$

In contrast, several experiences show that the variable of interest rate has the effects towards the performance of Islamic banks. Kadir and Leong (2009, 189) found that any increase in the base lending rate would induce customers to obtain financing from Islamic banks and vice versa.

Hence, if assumed that the variable of interest rate exists towards the Islamic banking financing, the financing determinants will be as follows:

$$Fin = f\ (PSR, CBR) \qquad (2.22)$$

The above model implicitly reveals that the number of financing offered is not only determined by profit sharing rate but also interest rate. This means that the fluctuation of interest rate is the consideration in determining financing of Islamic banks. In addition, if the people or the customers are motivated by the profit aim, theoretically, fluctuations in the variable of interest rate would bring to a shifting effect between Islamic and conventional banks (Yap, 2008)

2.2. Previous Researches

Researches about Islamic banking have been done since some decades ago and a hundred of the results have been published. Various problems related to the banking have been explored, either those related to the law perfectives or others. In addition, not only do qualitative-based researches but also quantitative-based ones have been undertaken throughout the world. Moreover, the currently modern methods, such as statistical and econometric models, have also been utilized to examine such the researches. Among the researches are those examining its relationship in terms of economic and monetary sides, such as the variable of interest rate.

As stated previously in the chapter one that there are three important questions will be answered or investigated in this research. The first is about the islamicity level of Islamic banks' operation in Indonesia. The writer views that there is nearly rare research investigating specifically the problem. However, several researches that related to the problem have been done and published. Because the yardstick of such the islamicity is the volume of PLS financing and the interest dependency, one of the researches related to the problem is what has been done by Chong and Liu (2009).

The research, exploring Islamic banks in Malaysia, reveals that the volume of PLS financing is only a negligible portion, while the essential financing of Islamic banking is the PLS financing. In addition, it is known, in theory, Islamic banks must avoid themselves from the existence of interest rate, however, the fact shows that Islamic deposits are not interest-free. Besides, the research of Hakan and Gulumser (2011) is in line with such the above result.

According to the performance of Islamic banks, Haron's (2004) is one of the important researches that explores the performance of Islamic banks and the variables influencing them, in which it inspects the variables determining profitability of Islamic banks. The research, by using the econometric method of VAR and the data from several selected Islamic banks in the world, results that the variables determining the profitability of Islamic banks are divided into two categories, viz. internal and external variables. The variables that have significant influence towards the profitability of Islamic banks, according to the research, consist of inflation, assets structure, liquidity, volume of deposit and money supply.

It is in line with the Al-Jarrah's research. The research is to explore the profitability of the Yordanian banks during the 2000-2006 periods, which reveals that inflation and money supply are the most important external variables determining the profitability of the banks (Al-Jarrah, 2010). In addition, the internal variables considered to influence the profitability are such as the loans to total assets ratio, the operating expenditures ratio, the capital structure, the deposit ratio and non-operating expenditures ratio. Nevertheless, according to Zeitun (2012:53), inflation has negative correlation with the bank's profitability.

Another research in terms of the profitability determinants is what Akhtar did in the Islamic banks of Pakistan. With the period of 2006-2009, the research shows the profitability has a long-term correlation with the bank size, ratio of debt equity, assets, NPLs ratio, CAR and operating efficiency (Akhtar et al, 2011:128). Besides, by employing the Generalized Least Square (GLS) and the data from foreign and local Islamic banks in Malaysia for three years (2007-2009), Idris's research (Idris et al., 2011:1) includes capital adequacy, credit risk, liquidity, bank size and management of expenses, nevertheless, only the bank size is positively significant in determining the profitability.

Also, a narrow-scope research has also been done in terms of exploring the determinant variables influencing the profitability of an Islamic bank, which is such as what Izhar and Usutay did in the Indonesian Islamic banks. With the data from Bank Muamalat Indonesia, an Islamic bank operating firstly in Indonesia, during 1996-2001, it is found that profit in the bank has been dominantly gener./,lated from the activities of financing, not the activities of service. The research also concludes that there is the positive relationship between inflation and profitability. However, it reveals that three sources of funds are negatively related with profitability of such the Islamic banks (Izhar & Usutay, 2007)

According to the effects of interest rate towards the performance of Islamic banks, there is a research conducted by Hakan and Gulumser (2011:1) which shows that Islamic banks in Turkey are visibly influenced by interest rates. The research is to utilize the data period of December 2005 to July 2009 with Vector Error Correction (VEC) as the method of analysis. The research concludes that any changes in the interest rates will affect both the deposits and the loans of conventional as well as Islamic banks in Turkey.

Besides, another research in terms of the rate's effect towards Islamic banks nearly has the same result. The research done by Yap and Kader (2008) is to investigate the impact of interest rate changes on the performance of Islamic and conventional banks in terms of demand for deposits and financing. The research, employing monthly data from 1999 to 2007 of the Malaysian Islamic banks, finds that there is a shifting effect on financing in the Islamic banks, in which a rise in the base lending rate would induce customers to obtain financing from the Islamic bank and vice versa. Moreover, the research concludes that Islamic banks in the dual system are exposed to interest rate risks despite operating on interest-free principles.

Concerning the determinants of deposits, there are several researches undertaken previously to explore the factors or variables influencing the deposits of Islamic banks. One of them is what Rachmawati and Samsulhakim did in the Indonesian Islamic banks. Rachmawati et al. (2004) found that the number of the mudharabah deposits scheme in the Indonesian Islamic banks does not depend on income and interest rate, but depend upon the rate of profit sharing and the number of the Islamic banks' offices branch.

Ali et al. (2012) tested Rate of Return (ROR), Gross Domestic Product (GDP) and Inflation Rate (INF) towards Investment Deposits in Malaysia. The result of the research confirms that ROR has strong correlation with the deposits, in which their correlation is positive. However, the other variables, GDP and INF do not have correlation with the deposits. In addition, Saleh (2015:14) undertook a research exploring the factors determining deposits of five Islamic banks in Kedah Malaysia. The research employing the monthly data from 2000 to 2010, resulted that the rate of profit, interest rate and production growth have significantly correlated towards deposits of such the Islamic banks.

Another study examining such the research is also conducted by Haron and Ahmad (2000). The result of their research shows that there is negative relationship between the interest rate of conventional banks and the volume of funds deposited in interest free deposit facilities. In addition, Almejysh and Rajha (2014:179) conducted research investigating the deposit's determinants in the Islamic banks in Saudi Arabia. The result reveals that there are five important factors affecting the people to choose Islamic banks, they are quality of service, the location of branches, geographical spread, the Bank's reputation and fame, and the ratio of dividends to investment accounts.

Cevik and Charap (2011) did such the research exploring Islamic banks in two Islamic countries, viz. Malaysia and Turkey. With using the monthly data from January 1997 to August 2010, the study concludes that conventional bank deposit rates and PLS return exhibits long-run co-integration and the time varying volatility of conventional bank deposit rates and PLS returns is correlated and is statistically significant. In addition, the pairwise and multivariate causality tests show that conventional bank deposit rates Granger cause returns on PLS accounts.

Concerning the variable of financing in Islamic banking, Kader and Leong (2009) have invistigated the impacts of interest rate towards upon the volume of financing in Islamic banks in Malaysia. The research, by employing the data of the Malaysian banking industry from May 1999 to June 2007 and the tools such as VAR, Granger Causality and IRF, concludes that the financing of residential property of Islamic banks (RPF_{is}) seems to respond positively to shocks in RPF of conventional banks and the base lending rate (interest rate). This conclusion indicates that the customers of Islamic banks are profir motivated and their decisions in obtaining BBA financing are induced by the substitution effect based on the movement of the rate BLR. Moreover, when interest rate rises, the BBA financing is more popular, and when it falls, the customers prefer conventional loans rather than Islamic financing. In short, the research results that Islamic bank financing in the dual system is exposed to interest rate risks despite operating on interest free principle.

Another research conducted by Yusoff et al. (2001: 67) indicates the same result as mentioned above. By using Granger Causality test and the data from the Islamic banks in Malaysia, the research indicates that there is a relationship between interest rate and the amount of loan in the Islamic banks in Malaysia. Furthermore, the research finds that the Islamic loan growth of merchant banks are significantly positive towards the growth of overnight Klibor, in which the Granger Causality test shows that fluctuations in loan rates causes fluctuations in loan supply.

2.3. Hypothesis

Based upon theories and researches exploring the experiences of Islamic banks in a number of Islamic countries and including some researches about the existence of interest rate variable in the Islamic banks in Indonesia, there are some hypothesis towards this research. The first hypothesis is that the Indonesian Islamic banks have not utilized optimally the fundamental principles of Islam. This means that the both foremost principles of Islamic banking, viz. the adoption of PLS system and free-interest based, have not been applied perfectly by the Islamic banks in Indonesia.

The second hypothesis states that the variable of interest rate has relationship with the profitability of Islamic banks in Indonesia. Or the other word, the profitability of the Indonesian Islamic banks are influenced by interest rate in addition to other variables, which means that interest rate plays the role in determining the profitability of such the Islamic banks.

The third hypothesis is that the volume of deposits in the Islamic banks is influenced by the variable of interest rate. This means that interest rate has relationship towards the number of deposits saved in the Indonesian Islamic banks. Furthermore, the fourth is the same as the previous hypothesis as explained before in terms of the relationship with the variable of interest rate. The fourth hypothesis exactly states that the variable of interest rate plays the role in determining the volume of financing supplied by the Islamic banks.

CHAPTER III
RESEARCH METHOD

3.1. Research Scopes

As stated previously, the primary objective of this research is to identify the effects of interest rate towards the performance of Islamic banks in Indonesia. More specifically, this research explores the influences of interest rate concerning the performance of the Indonesian Islamic banks. The terms “interest rate” and “Islamic banks” are the both intensively examined in the research. In short, the relationship between the variable of interest rate and the performance of the Indonesian Islamic banks is the core scope of the research. In addition, the factors affecting such the performance of the banks are the important scope of the research.

Hence, exploration on interest rate, its existence as well as its effect, towards the performance of Islamic banks in Indonesia is the core scope of the research. The second scope is about the shariah level of Islamic banks' operations in Indonesia with respect to utilizing the fundamental principles of Islamic Banking. It means to what extend the Indonesian Islamic banks operate with the principles of Islamic banking. Nevertheless, owing to that there are many terms could be used as the indicators in determining the level, this research limits only two criteria, viz. the influence of interest rates and the PLS-based financing stucture.

As to interest rate, the rate used in the research is the one prevails in the Indonesian conventional banks. Interest rate for deposits as well as interest rate for credits is part of the research's discussion. Such the rates will be examined their existence towards the performance of Islamic banks in Indonesia. Due to the assumption that some conventional bank's instruments is regarded to affect on the performance of Islamic banks, such the instrumens consitute the scope of the research, in which they are considered as independent or explanory variables.

Concerning the performance of Islamic banks, there are three central variables that make up the scope of the research to which explored deeply, namely profitability, deposits and financing. The indicator employed to measure profitability of the Islamic banks is only Return on Assets (ROA). This is because of the assumption that the ratio represents the bank's profitability. According to deposits of Islamic banks, the scope of the term is devided into three categories, which is the same as what prevails in conventional banks, namely is wadiah demand deposits, wadiah saving deposits and mudharabah time deposits.

With respect to financing of the banks, the scope of financing under the research consists of musyarakah, mudharabah and murabahah. Such the types are dominantly financed by Islamic banks throughout the world, including in Indonesia. It is important to be noted that there are a number of types or schemes of financing currently undertaken by the Indonesian Islamic banks, for this research only three of them are examined. Thus, the scope of financing under the research covers only musyarakah, mudharabah and murabahah.

3.2. The Data

The monthly time series-based data will be used in this research. They last ten years, or 120 observations. The data period is from 2006 to 2015. Such the data are obtained from two formal institutions in Indonesia, namely Bank Indonesia (BI) and the Financial Service Authority (OJK). The former institution, Bank Indonesia, provides the data related to economic and monetary ones, such as interest rate, inflation and others, while the later, OJK, offers the data on banking, either conventional or Islamic one.

There are three kinds of data used in the research, viz. Islamic banks, conventional banks and Indonesian economic data. The data on Islamic banks consists of assets, deposits, financing, profit sharing rate in deposits, profit sharing rate in financing, Non-Performing Financing (NPF), etc. The data on deposits in Islamic bank will be also divided into some categories, such as wadiah demand deposits (giro wadiah), wadiah saving deposits (tabungan wadiah) and mudharabah time deposits (deposito mudharabah). In addition, the data on financing is also divided into three categories, viz. mudharabah, musyarakah and murabahah financing.

Furthermore, the data related to conventional banks are such as interest rate for deposits and interest rate for credit. Interbank money market rate (IMMR) is also part of the data on conventional banking, since it constitutes the variable of interest rate to which examined in this research. Owing to that Islamic banks are not only influenced by conventional banks-related terms, the key data on the economy will be included in the research, such as inflation and Gross Domestic Product (GDP).

3.3. Econometric Models and Estimation Methods

3.3.1. Econometric Models

In general, there are 14 models utilized in this research. Such the models, which are divided into two categories, are to answer four problems of the research as mentioned previously in the chapter one. The first category is the analytical model that aims at measuring the shariah's compliance rate of the Islamic banks' operations in Indonesia or the islamicity level of the banks. In short, this category is to know how Islamic the Indonesian Islamic banks are. Such the category employs only one model, which is named Index of Shariah Compliance (ISC).

The second category is econometric models aiming at exploring the influence of interest rate on the performance of the Indonesian Islamic banks. The models under the category are to examine the impacts of interest rate concerning the existence of Islamic banks. Besides, the models are to inspect the dominant variables inducing the banks. This category splits such the impacts into three divisions of Islamic banks, i.e. profitability, deposits and financin Furthermore; they are also divided into some components according to what prevails and are implemented currently by the banks.

3.3.1.1. Models to measure the shariah level of Islamic banks

As explained in the chapter two, it is somewhat difficult to measure the rate or the level of shariah of an Islamic bank. This is because that the term "shariah" has a general meaning. Besides, it has numerous prespectives, which induces differences in determining its definition one to another, which in turn Islamic scholars vary towards the word. In this regard, to measure the level of shariah of Islamic banks, it needs to make several assumptions and spesifications, which determines the specific definition and model of the term under this research accordingly[1].

For this research, there are four core assumptions underlying the model measuring the level of shariah compliancy of an Islamic bank, they are as the following.

1) The trade-marks of Islamic banking are valued from the two important conditions, the first: free interest-based operations directly or indirectly, the second : Risk-Sharing System (PLS-Based Operation)[2];
2) Only two core indicators are estimated, where others are assumed constant (default) ;
3) Avoiding from the interest is more important than PLS-based Financing Distribution ;
4) The better Islamic banks are those that are free from the influence of interest rate, directly or indirectly.

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[1] According to the writer's view, it is likely no research examining the shariah level of Islamic banks by using the Index of Shariah Compliance (ISC) as done by this research. However, a number of researches have been done related to the index. One of them is the research of Antonio's et al (2012). Their research is to investigate the Islamic banks in terms of maqashid shariah by using the Maqashid Index.

[2] Islam prohibits all types of interest. Participation in the financing of a businesses is possible only on the basis of a profit-loss sharing system (Hasan, 1985:13). Hasan (1985:13) also views that the PLS-based financing is more profitable to financiers in the long run than the interest-based financing.

The authour names the model utilized to measure the shariah level of compliance of Islamic banks as "Index of Shariah Compliance or (ISC)". The model is as the following:

$ISC = IITD + IPLS_{BFS}$ (3. 1)[3]

IITD is counted by the succeeding formula, as follows:

$IITD = 1/2 \times \sum VI_i$ (3. 1a)[4]

$VI_i = LD \times ITD_{score}$ (3. 1b)

where : $LD = 1 - PC$ (3. 1c)

Concerning Risk-Sharing System or PLS-Based Operations, the model for measuring it is as the followings:

$IPLS_{BFS} = (PLSFinTot / FinTot) \times PLS_{score}$ (3. 1d)

While:

$FinTot = PLSFinTot + Non\text{-}PLSFinTot$; and

$ITD_{score} = (0.6)$ or 60 % and $PLS_{score} = (0.4)$ or 40%

$ITD_{score} + PLS_{score} = 1$

Valued-Instruments (VI) of the Islamic banks which are included in the model (3.1a) consist of

VI_1 : Profit Sharing Rates in Financing (PSR_{fin})

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[3] The index of ISC is determined by two conditions taking place in Islamic banks, which is the dependence of the banks towards interest rates and the financing structure provided by the banks based upon the PLS system.

[4] The sum of the valued-instruments is divided by two, (a half times $\sum VI_i$), since two instruments are valued or included in the measure, viz. PSR of financing and PSR of deposits.

VI_2 : Profit Sharing Rates in Deposits (PSR_{dep})

Where:

ISC	:	Index of Shariah Compliance
IITD	:	Index of Interest-towards Dependence
$IPLS_{BFS}$	:	Index of PLS-Based Financing Structure
ITD	:	Interest-towards Dependence
LD	:	Level of Dependence
PC	:	Pearson Correlation
PLSFinTot	:	PLS-based Financing in Total
FinTot	:	Total Financing
VI	:	Valued-Instruments

3.3.1.2. Models to examine the impacts of interest rate towards the performance of Islamic banks.

1). Profitability

For this research, there is only one indicator used to measure profitability of Islamic banks in Indonesia; viz. the financial ratio of Return on Assets (ROA)[5]. The financial ratio is regarded to represent the banks' profitability. ROA is a ratio

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[5] Bashir (2003:36) examines the profitability determinants of Islamic banks in the Middle East, where he uses three financial ratios of banking as the dependent variables, viz. ROA, ROE and BTP/TA (Ratio of Before Tax profit to Total Assets)

to measure profitability in terms of the banking's assets. The profitability model employed is the following:

ROA = f **(**IBDepTot, IBFinTot, PSR_{dep}, PSR_{fin}, IMMR, CPI, IPI) (3.2)

Where:

ROA	:	Return on Assets
IBDepTot	:	Deposits of Islamic Banks in Total
IBFinTot	:	Financing of Islamic Banks in Total
PSR_{dep}	:	Profit Sharing Rate of Deposits
PSR_{fin}	:	Profit Sharing Rate of Financing
IMMR	:	Interbank Money Market Rate
CPI	:	Consumer Price Index
IPI	:	Industrial Production Index

2). Deposits

Six models are utilized to scan the influence of interest rate and other variables towards the deposits of the Indonesian Islamic banks. This is done since that there are several types of deposits of the banks prevailing in Indonesia, such as giro wadiah (wadiah demand deposits), tabungan wadiah (wadiah saving deposits) and deposito mudharabah (mudharabah time deposits), while deposito mudharabah itself also consists of some models depending its terms.

The first model aiming at identifying the effects of interest rate towards the Islamic banks' deposits is the model of giro wadiah. It is assumed that giro wadiah is influenced by five important variables, where two of them are profit sharing rate of wadiah demand deposit and the conventional banking's rate of demand deposit. Thus, the model for such the type of deposit is as the following.

WadSav = f (PSR_{wadsav}, IMMR, CBR_{dd}, CPI, IPI)

(3. 3)

Where:

WadSav

PSR_{wadsav}

CBR_{dd} :

CPI : Consumer Price Index

IPI: Industrial Production Index

The second model is to identify the influence of interest rate on *tabungan* wadiah or so-called wadiah saving deposits. Such the model is technically the same with the previous one, model (3.3), but this second model includes the variable of profit sharing rate (PSR) prevailing in wadiah saving deposits, and the conventional banking's rate is replaced by the rate of saving deposits of conventional banking. The other three variables in the giro wadiah model are also included in the wadiah saving deposits model. The model is as written below.

MudhSav : f($PSR_{mudhsav}$, IMMR, CBR_{sd}, CPI, IPI)

(3. 4)

Where:

TabWad : Wadiah Saving Deposits in Total

PSR_{tabwad} : Profit Sharing Rate in Wadiah Saving Deposits

CBR_{sd} : Conventional Banking's Rate of Saving Deposit

The next one is the model for mudharabah time deposits (Mudharabah Deposits). The model is divided into three sub-models, which depends on its period of the deposits. This is done in order to identify the effects of interest rate towards the deposits in detail. The models are "MudhDep01" for one month-period, "MudhDep03" for three month-period and "MudhDep12" for one year-period. They are the followings:

MudhDep01 : f($PSR_{MudhDep01}$, IMMR, CBR_{td01}, CPI, IPI) (3. 5)

MudhDep03 : f($PSR_{MudhDep03}$, IMMR, CBR_{td03}, CPI, IPI) (3. 6)

MudhDep12 : f($PSR_{MudhDep12}$, IMMR. CBR_{td12}, CPI, IPI) (3. 7)

Where:

MudhDep01

MudhDep03

MudhDep12

$PSR_{MudhDep01}$

$PSR_{MudhDep03}$

$PSR_{MudhDep12}$

CBR_{td01}

CBR_{td03}

CBR_{td12}

The last two models is the one that explores the influence of interest rates towards the amount of deposits of Islamic banks in general. Such the models are to examine the rate's effect upon all types of deposits of the Islamic banks. For those models, the variable considered to represent the conventional rate is Interbank Money Market Rate or IMMR. The models are as mentioned below.

$MudhDepTot = f(PSR_{mudhdep,}\ IMMR, CPI, IPI)$ (3.8)

$IBDepTot = f(PSR_{dep,}\ IMMR, CPI, IPI)$ (3. 9)

Where:

IBDepTot : Total of Deposits in Islamic banks

3). Financing

There are five econometric models used to determine the effects of interest rate upon financing of Islamic banks in Indonesia. Such the models are sorted according to the types of financing which are currently operated by the Islamic banks in Indonesia. The first model is the one for musyarakah financing, which assumes that the musyarakah financing is influenced by five elements. They are profit sharing rate of musyarakah financing, conventional bank's interest rate, Interbank Money Market Rate, inflation and Economic Growth. The model for financing musyarakah is as the following:

$MudhFin = f(PSR_{mudh}, CBR_{wc}, IMMR, CPI, IPI)$

(3. 10)

Where:

MusyFin : Total of Musyarakah Financing

PSR_{musy} : Profit Sharing Rate in Musyarakah Financing

CBR_{wc} : Conventional Banking's Rate of Working Capital

IMMR

CPI :

IPI:

The second model is the one for mudharabah financing. In principle, the model used for the financing is nearly the same as the musyarakah one. It means that such the model also includes the variable of profit-sharing rate (PSR), but for mudharabah-based PSR, the rate is different with the musyarakah's rate. Therefore, the model for analysing mudharabah financing is as mentioned below.

MusyFin = f(PSR_{musy}, CBR_{I}, IMMR, CPI, IPI)

(3. 11)

Where:

MudhFin : Total of Mudharabah Financing

PSR_{mudh} : Profit Sharing Rate in Mudharabah Financing

Another kind of financing provided by the Indonesian Islamic banks is murabahah. The model for it is as the following.

MuraFin= f(PSR_{mura}, CBR_{wc}, IMMR, CPI, IPI)

(3. 12)

Where:

MuraFin : Total of Financing in Murabahah Financing

PSR_{mura} : Profit Sharing Rate in Murabahah Financing

CBR_{wc} : Conventional Banking's Rate of Working Capital

Due to that the core category of financing under Islamic banking system is PLS-based financing, it is regarded most essential to examine such the kind of financing. The model for the type of financing is as follows.

PLSFin = f (PSR_{pls}, CBR_{wc}, IMMR, CPI, IPI)

(3. 13)

Where:

FinPLSTot: Total of PLS-based Financing

PSR_{pls} : Profit Sharing Rate of PLS-based Financing

The last model is the one aiming at examining the rate's effects upon the total or all types of financing undertaken by the Islamic banks. The model is

IBFinTot =f (IBDepTot, PSR_{fin}, IMMR, CPI, IPI)

(3. 14)

Where:

IBFinTot :

3.3.2. Estimation Methods

There are a number of estimation methods utilized in this research. One of them is Vector Auto Regression (VAR) model. VAR model is the model that dominantly used in analysing data in the research. In addition to VAR model. This research may be utilized, for some cases, Vector Error Correction Model (VECM). Besides, as a part of VAR-based analysis, Impulse-Response Function (IRF) and Variance Decomposition (VD) will be employed in the research. Through the both statistical methods, the condition as well as the relationship among the variables will be clearly known.

It is known that the data before being analysed by VAR method must be stationary. Thus, it needs to be tested by using Augmented Dickey-Fuller (ADF) and Phillips-Peron (PP). The both will test the unit root of data. As well, to examine the relationship between variables, the research will apply the Granger Causality Test.

Furthermore, Ordinary Least Square (OLS) is also the important tool to analyze data of the research. Also, a basic statistical tool, i.e. Pearson Correlation, is also employed in the research particularly to examine the correlation between interest rate and Islamic banking variables. Moreover, several descriptive statistics terms are considered important in this research.

3.4. Definition of the Operated Variables

In order to avoid misinterpretation of variables cited in this research, the writer views that some of them are needed to be defined clearly and precisely. The selected variables are the followings.

1. Profit Sharing Rate (PSR); the term “profit sharing rate” is the rate prevails under Islamic banking system. It is also known as the rate for the Profit-Loss Sharing (PLS)-based banking services. The position of the rate in Islamic banks is similar to interest rate in conventional banks.
2. PSR_{girwad} means the profit sharing rate ordered by Islamic banks for individuals’ saving of wadiah demand deposits. PSR_{tabwad} is the rate ordered by Islamic banks for individuals’ saving of wadiah saving deposits. PSR_{mudh} is the rate ordered by Islamic banks for individuals’ saving of mudharabah time deposits. The three rates are with respect to the deposit side.
3. PSR_{mudh} and PSR_{musy} are the profit sharing rates determined by Islamic banks for investors who borrow money for financing mudharabah and musyarakah products respectively, while PSR_{mura} for murabahah product. $PSR_{mudh,}$ PSR_{musy} and PSR_{mura} are the three rates with respect to the financing side.
4. Interest Rate; the term “interest rate” means the rate prevails commonly in economic and financial literatures. In the other word, interest rate is the rate usually used in conventional banks or conventional economic and monetary system. The rate is such as CBR (Conventional Banking Rate), IMMR (Interbank Money Market Rate).
5. The Performance of Islamic Banks; this means the condition of Islamic banks during the selected periods due to interest rate’s impact. Such the performance mentioned limits to three important variables, namely profitability, deposits and financing.

6. ISC or Index of Shariah Compliance is an index to measure the islamicity level of Islamic banks. The index by using only two indicators that are considered as the trademark of Islamic banking, viz. free-interest rate and PLS-based financial structure, computes to what extent Islamic banks operate according to Islamic economics principles.
7. “PLS-based Finances” means the financing type carried out by Islamic banks with implementing profit-loss sharing principles and they are two financings, i.e. Mudharabah Financing (MudhFin) and Musyarakah Financing (MusyFin).

CHAPTER IV
RESULTS AND DISCUSSION

4.1. Shariah Level of Islamic Banks in Indonesia

As explained in the preceding chapter, Index of Shariah Compliance (ISC) is the index to measure Islamic banks' activities with respect to the implementation of shariah principles. The index aims at capturing to what extent Islamic banks comply with the Islamic law. Two instruments considered as the core indicators in computing such the level are the Interest-towards Dependence (ITD) and the financing structure based upon profit-loss sharing (PLS_{BFS}) system[1].

Such the PSR of Islamic banks consits of PSR for deposits and PSR for financing. The model excludes the profitability, level of deposits and level of financing[2]. In addition, the statistical tool employed to calculate the

[1] Financing on the basis of interest has been declared and considered by the Muslim scholars as an illegitimate mode of finance from an Islamic point of view (Anwar, 2003:62)

[2] There are actually several Islamic banking instruments or variables could be used as the indicators to examine the shariah level of Islamic banks, such as profitability, deposit, financing and others. However, this research constrains the PSRs only because the authority in determining the rates is the banks themselves only. It is different with deposist as well as financing, the both are determined by not only the banks but also the customers.

correlation between profit sharing rates, either for deposits or for financing, and interest rate is the Pearson Correlation.

Concerning the ISC index, the index is determined by the mentioned indicators, viz. ITD and PLS_{BFS}. The index will be high automatically if the correlation between the PSR rates and the interets rates is low, and vice versa. In addition, the index will rise as the ratio of PLS financing to the total financing increases. It is important to be noted, as described, the portion between the both is different, where ITD and PLS_{BFS} are 60 percent and 40 percent respectively.

As stated, there are two types of profit sharing rate involved to measure the dependence of Islamic banks towards interest rates, and the following is the table displaying the correlation between PSR for deposits and interest rates[3].

Table : 4.3.

Correlations PSR for Deposit and Interet Rates

	Pearson Correlation Coefficient between PSR for Deposits and Interest Rates						
	PSR_{dep}	PSR_{wadsav}	$PSR_{mudhsav}$	$PSR_{MudhDep}$	$PSR_{MudhDep01}$	$PSR_{MudhDep03}$	$PSR_{MudhDep12}$
IMMR	0.49	-0.16		0.52			
CBR_{dd}		0.26					
CBR_{sd}			0.01				
CBR_{td01}					0.62		
CBR_{td03}						0.63	
CBR_{td12}							0.67

[3] Two kinds of interest rates used to measure such the Index of Shariah Compliance (ISC), Interbank Money Market Rate (IMMR) and Conventional Banking Rates (CBR) for all types.

The table above indicates that almost all profit sharing rates of deposits significantly correlate with interest rates either IMMR or CBRs. In addition, as shown by the table, the profit sharing rates of Islamic banks for mudharabah deposits are significantly correlation with CBRs and the coefficients are over sixty percent[4]. Moreover, PSR determined by Islamic banks for the total deposits has also relationship significantly and positively with the interest rate of IMMR, which is about 49 percent.

What's more, such the positive correlation also happens in the total mudharabah deposits. It is known that the term “mudharabah” is the trade-mark of the operation of Islamic banks, but, the PSR of the term is also influenced by the interest rate, where its correlation with the IMMR is 52 percent[5].

The second type of PSR utilized as the indicator to calculate the ISC index is the PSR for financing. Determining such the PSR is absolutely the authority of the banks themselves. IMMR as well as CBR are also used to represent the variable of interest rate. The table 4.4 below, however, is a bit different with the preceding table, where some of the PSRs

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[4] The author views that it is allowable and reasonable if Islamic banks adopt and apply forms or strategies implemented currently by conventional banks, such as types or modes of deposits. Nonetheless, it is unacceptable that the Islamic banks follow or be influenced by interest rates of conventional banks directly or indirectly. This is, according to the author, likely one of the causes encouraging part of the Muslim society, in Indonesia in particular; argue that Islamic banks are the same as conventional banks.

[5] For detail, look at the Pearson correlation results in the appendix

correlate negatively with the interest rates instead. However, the profit sharing rate for the total financing correlates positively and significantly with the CBR of working capital.[6] For detail, examine the following table.

Table : 4.4.

Correlations PSR for Financing and Interet Rates

	Pearson Correlation Coefficient between PSR for Financing and Interest Rates				
	PSR_{fin}	PSR_{pls}	PSR_{mudh}	PSR_{musy}	PSR_{mura}
IMMR	.152		-.606	-.484	-.251
CBR_{wc}	.680		.420		
CBR_{I}		.223		-.653	
CBR_{c}					.408

The both previous tables are to disclose the Pearson Correlation between the profit sharing rates of both deposit and financing in the Islamic banks in Indonesia. The correlation average amongst them is 0.17, as shown in the table 4.4, which means that the LD (Level of Dependence) is 0.83, because LD = 1- PC. Therefore, IITD or Index of Interest-towards

[6] It is widely known that there are three types of interest rates for the conventional banks' credit; they are interest rates for working capital, investment and consumption. A type of PSR is analyzed to seek for its correlation with the specific interest rate not all types of interest rates as mentioned. In this regards, Mudharabah, Musyarakah and Murabahah Financings are examined their correlation with interest rates for working capital, investment and consumption respectively.

Dependence is 49.80. Such the numeral, which is 49.80, is considered as the shariah level of Islamic banks in terms of free-dependence towards interest rates and it is one of the two indicators to measure the Index of Shariah Compliance (ISC) of the Islamic banks in Indonesia.

The second indicator is the ratio of the PLS-based financing to the total Islamic banks' financing. As described in the chapter three, the PLS is the trade-mark of an Islamic bank. Hence, in addition to the free-dependence towards interest rate, the Index of Shariah Compliance (ISC) of Islamic banks is measured regarding the level of such the financing ratio. The table below displays the PLS financing ratio to the financing in total provided by the Islamic banks in Indonesia during ten years, 2006 to 2015.

Table : 4.5.

Ratio of PLS-Based Financing in Islamic Banks

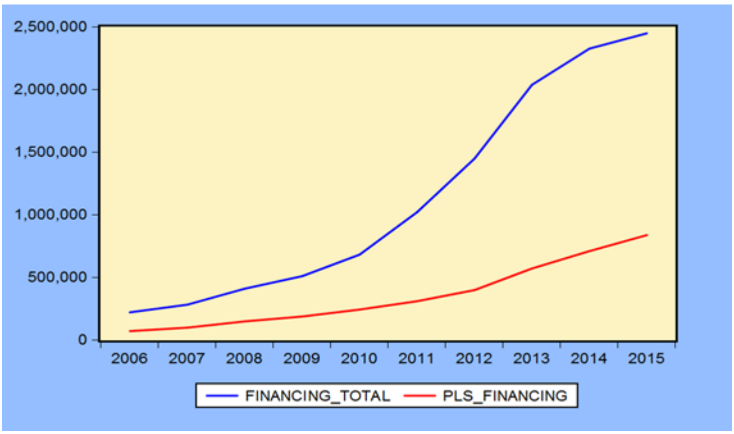
2006 to 2015 **Sources: Bank of Indonesia (BI) and the Financial Services**

Year	IBFinTot	PLSFin	PLSFin (%)	$IPLS_{bfs}$
2006	216,676	68,558	31.64	12.66
2007	282,300	96,881	34.32	13.73
2008	406,841	148,811	36.58	14.63
2009	508,087	184,301	36.27	14.51
2010	682,496	242,412	35.52	14.21
2011	1,019,209	310,641	30.48	12.19
2012	1,448,461	395,940	27.34	10.93
2013	2,037,350	568,122	27.89	11.15
2014	2,326,936	710,104	30.52	12.21
2015	2,445,758	833,865	34.09	13.64

Authority (OJK)

Based upon the above table, the total financing in the Islamic banks during the period boosts significantly. Over ten years, the financing improves more than ten times or a thousand percent. Such the fact is also followed by the PLS-based financing, in which the type of financing also grows up significantly[7]. However, according to the table, the ratio of the PLS financing is only one-three at most, exactly 32.46 percent per month[8]. By the curve, as displayed by the figure 4.1., it clearly shows the differentiation between the both lines, the red line is for the PLS Financing and the blue line is for the total financing.

Figure : 4.1.
PLS-Based Financing in Islamic Banks
2006 to 2015



[7] The PLS-based financing consists of two kinds of financing, mudharabah and musyarakah. The both financing are actually the essential ones for Islamic banks instead of murabahah or others. Moreover, in Pakistan, the murabahah financing is allowed 40 percent of the total financing at most.

[8] The phenomenon is the same as the research's finding by Chong and Liu (2009:125) in the Malaysian Islamic banking industry.

Concerning the shariah index, the ISC index is the sum of the both indexes, namely IITD and $IPLS_{BFS}$. The table 4.5 below describes the ISC index and the other two indexes.

Table : 4.6

Index of Shariah Compliance

No	Variables	Index of Syariah Compliance (ISC)			
		Value	1-PC	Score	Index
1	IITD	0.17	0.83	60%	49.80
2	$IPLS_{BFS}$	32.46	-	40%	12.98
			Total		62.78

The table indicates that the ISC index of the Islamic banks is 62.78. This means that, based upon the determined criteria and assumptions as mentioned before, the Islamic banks in Indonesia comply with the shariah principles is 62.78 percent, or two-three approximately.

4.2. The Profitability of Islamic Banks in Indonesia

Islamic banks, as their counterpart, consider that the profitability is as the main purpose of their operation. This is because that the banks constitute part of business institutions. With respect to the strategy, either Islamic or conventional banks are the same in terms of the profitability. The technical concepts of the term between them are similar as well. However, variables that determine the profitability level or rate between them are very different. Obviously, in the Islamic banking system, interest rate or any kind of the rates do not constitute as the profitability determinant. It is different with their counterpart, conventional banks, the variable of interest rate is considered as the core determinants.[9]

As explained in the chapter three, there are seven core variables included within the profitability model, namely model 3.2. This means that such the seven variables are expected to impact on the profitability of Islamic banks in Indonesia[10]. Such the variables are total deposits (IBDepTot), total financing (IBFinTot), profit sharing rate (PSR) either in deposits (PSR_{dep}) or in financing (PSR_{fin}), interest rate of interbank money market (IMMR), consumer price index (CPI) and industrial production index (IPI).

Obviously, to include the later two variables, CPI and IPI, is because that, by theory, profitability is also determined by the both variables. Moreover, a number of researches also indicate the importance of the variables to the profitability. However, this section is to examine specifically the existence or the influence of interest rate to the Islamic banks' profitability in Indonesia. The rate is represented by

[9] Any effects of interest rate are expected to be far from the operations of Islamic banks as well. Actually, the core prohibition of interest rate is not merely in the term "interest" itself, but it is due to the prohibition of riba. Owing to the fact that interest rate is regarded to be similiar with riba, the rate is prohibited accordingly. This means that every thing or activities done by Islamic banks, even named with not interest but in principal they are the same as riba, consitutes riba and they are prohibited.

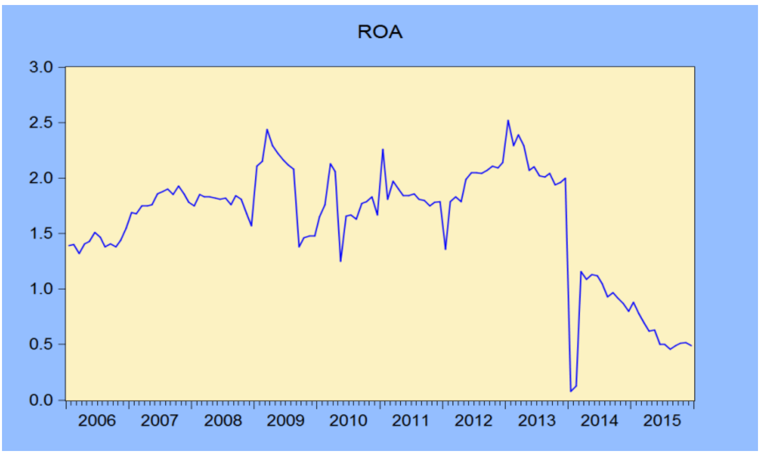
[10]The important consideration in choosing as well as determining such the seven variables, as described previously in the chapter two, is the previous researches and theories on Islamic banking.

the interbank money market rate (IMMR) only[11], and macroeconomic variables by CPI (for inflation rate) and IPI (for economic growth).

Concerning profitability, the term used to be as the yardstick is the financial ratio of ROA (Return on Assets). This study employs only one variable, that is, ROA and the variable is regarded to represent such the profitability notwithstanding not perfectly. The following is the one disclosing the ROA figure of the Islamic banks in Indonesia from 2006 to 2015.

Figure : 4.2.

Return on Assets (ROA) of Islamic Banks 2006 to 2015



The figure above displays the profit level of Islamic banks in the form of ROA ratios. At glance, it likely indicates

[11] There are actually several rates could be used to represent interest rate in examining such the profitability because the core goal of the research is to explore the influence of interest towards the profitability. Nevertheless, the author limits to the interest rate of IMMR only.

that there is no a significant increase in the profit level of Islamic banks in Indonesia. Nevertheless, it is important to be noted, based data from Bank Indonesia (BI) and the Financial Service Authority (OJK), that the profit level of Islamic banks grows up year by year, within the last ten years in particular.

4.2.1. Unit Root Test

The first step must be done regarding employing the VAR method is to examine a unit root of data, in which the data has to be stationary and it is the principal condition of the method. Either endogenous or exogenous variables must be stationary before being analyzed by the VAR method. For this research, examining the unit root is done by two test tools; they are the Augmented Dickey-Fuller test (ADF) and Phillips-Perron test (PP)[12].

Table : 4.7.

Unit Root Test Results for Model 3.2

No	Variables	ADF Test		PP Test	
		At Level	First Difference	At Level	First Difference
1	**ROA**	-2.4195	-10.6054	-2.0703	-14.5470
2	**IBDepTot**	3.1857	-9.2890	2.8599	-9.7007
3	**IBFinTot**	1.5511	-10.2100	1.3714	-10.3002
4	**PSR_{dep}**	-2.5417	-14.5131	-2.8918	-15.9195
5	**PSR_{fin}**	-1.6578	-15.4908	-2.0775	-15.3188
6	**IMMR**	-2.9837	-10.2137	-2.9970	-10.1778
7	**IPI**	-9.2953		-24.2128	
8	**CPI**	-2.3569	-11.2260	-2.3800	-11.2281

tes

the data has a unit root or not. In principal, the both tests are the same, but for some cases they are different. Thus, in order to get a perfect result, the both tests are utilized in this research.

Note : The significance level of both ADF and PP test results presented in the table above is 1 percent.

The table above displays that all variables are not stationary at level except IPI (Industrial Production Index). All variables both endogenous and exogenous ones are stationary at the first difference. In addition, the level of significance of the unit root test above, either by ADF or PP, is chosen at 1 percent, which means that the result is strong significant.

4.2.2. Granger Causality Test

The granger causality test is the most important step, after stationarity test, in analyzing data in the frame of VAR method. The test aims at determining the independence or dependence between variables. A variable considered as the subject or the object could be known by testing the causality between them. In the other word, whether a variable induces another or a variable is being influenced by the other is identified by doing the granger causality test.

One thing, according to the VAR method, before undertaking the granger causality test is to determine an optimal lag. There are usually five statistical criterions considered in selecting the optimal lag as shown by the table below. Based on the table, the optimal lag is chosen at the first lag, because four of the five criterions indicate the lag. The criterions are HQ, SC, AIC and FPE. The other, LR, shows the fifth one as the optimal lag.

Table : 4.8.

VAR Lag Order Selection Criteria for Model 3.2

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-3.669.181	NA	4.55e+18	6.566.394	6.585.812	6.574.273
1	-2.843.501	1.518.661	5.65e+12*	52.06252*	53.81013*	52.77158*
2	-2.798.638	7.610.723	8.08e+12	5.240.425	5.570.529	5.374.359
3	-2.752.707	7.135.803	1.16e+13	5.272.690	5.758.136	5.469.651
4	-2.696.091	7.986.844	1.44e+13	5.285.877	5.926.666	5.545.865
5	-2.624.141	91.22244*	1.44e+13	5.271.680	6.067.812	5.594.696
6	-2.581.185	4.832.487	2.62e+13	5.309.260	6.260.734	5.695.303
7	-2.506.131	7.371.417	2.99e+13	5.289.520	6.396.337	5.738.591
8	-2.412.786	7.834.277	2.88e+13	5.237.119	6.499.279	5.749.217

* indicates lag order selected by the criterion

The subsequent table is the result of granger causality test for model 3.2 as stated in the chapter three. All variables displayed in the table are regarded as the ones that persuade the profitability of Islamic banks, or as the profitability determinants of Islamic banks in Indonesia. For detail, see the following result.

Table : 4.9

Granger Causality Test for Model 3.2

No	Null Hypothesis	F-Statisctic	P-Value
1	IBDEPTOT does not Granger Cause ROA	6.06632	0.0152*
2	IBFINTOT does not Granger Cause ROA	5.94057	0.0163*
3	PSRDEP does not Granger Cause ROA	1.06475	0.3043
4	PSRFIN does not Granger Cause ROA	0.74355	0.3903
5	IMMR does not Granger Cause ROA	0.00070	0.979
6	CPI does not Granger Cause ROA	0.01250	0.9112
7	IPI does not Granger Cause ROA	0.19942	0.656

Note : *, ** and *** denotes the level of significance statistically at 1%, 5% and 10% respectively

Based upon the above table, it is consistent with the finding of Haron and Azmi (2004) in terms of the existence of deposits towards the profitability of Islamic banks. However, it is different with respect to inflation, where inflation rate, which is represented by CPI, has not correlation with the ROA of Islamic banks in Indonesia.

The most important information given by the table above is that there is no correlation between interest rate and the profitability of Islamic banks. As shown by the table, the interest rate of IMMR does not correlate with the ROA of Islamic banks. It can be concluded by the data presented, where its P-Value is 0.979 (97.9 percent), or statistically, it receives the null-hypothesis.

4.2.3. Impulse Response Function (IRF)

It is consistent with the Granger causality test result presented in the table 4.8, the following figure displays that profit sharing rates do not correlate with the profit ratio of ROA. Neither PSR_{dep} nor PSR_{fin} does not has a relationship with such the ratio of profit. P-Values of PSR_{dep} and PSR_{fin}, as displayed by the table, are 0.3043 (30.43 percent) and 0.3903 (39.03 percent), indicating that there is no significancy between the variables[13].

However, as shown by the figure below, there is a negative response of ROA to PSR_{dep} in the early periods,

[13] The both P-Values are more than 10 percent, meaning that either PSR_{dep} or PSR_{fin} does not has a causality among them. Similarly, the existence of the ROA is free from the influence of such the profit sharing rates, or the rates have no effects to the profit ratio.

which endures 15 periods approximately. In addition, the same response also happens in PSR_{fin}. Nonetheless, although they are the same in terms of their responses, the shock shown by PSR_{dep} is bigger than PSR_{fin}.[14]

Figure : 4.3.
Impulse Response Function (IRF) for Model 3.2

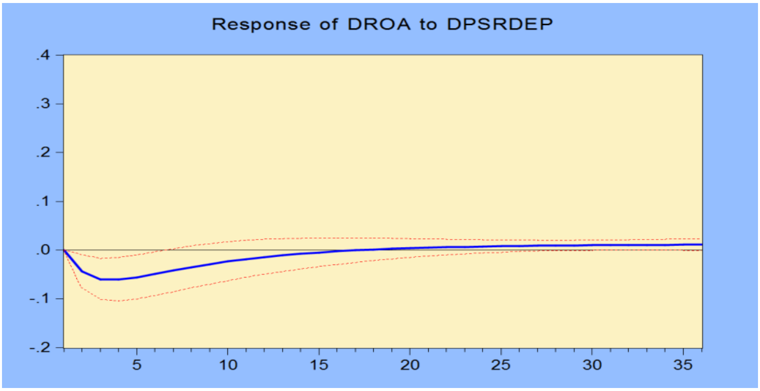
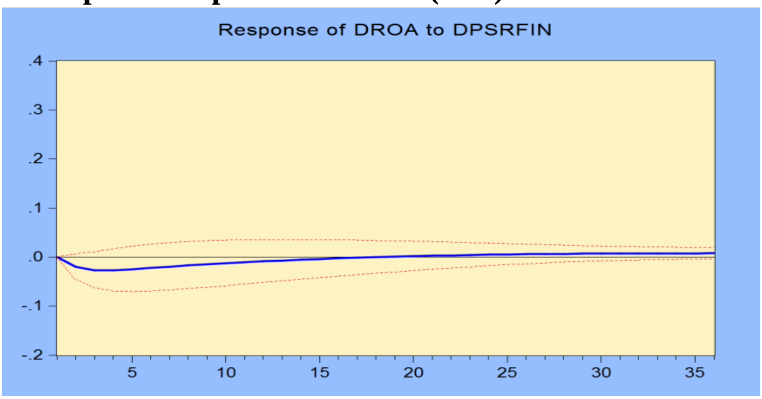


Figure : 4.4.
Impulse Response Function (IRF) for Model 3.2

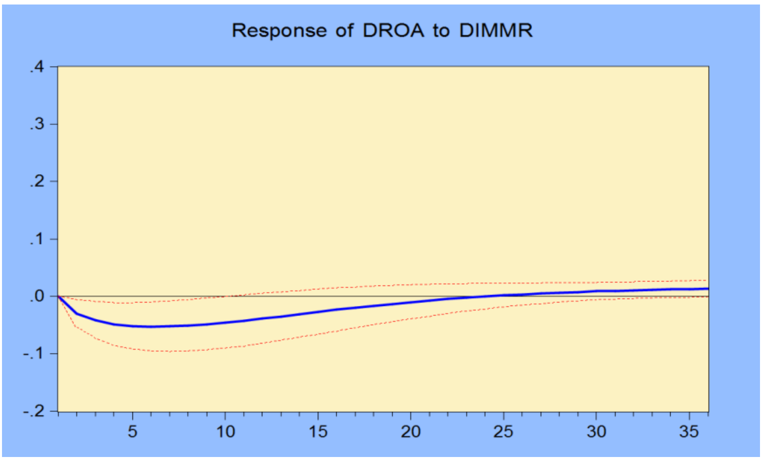


[14] The details of responses or shocks shown by ROA to exogenous variables in numerals could be seen in the Variance Decomposition tables presented in the appendix of the research.

The most important correlation to be known is the correlation between ROA and IMMR because it is the core of this research. As stated in the chapter one, the research aims at investigating the effects of interest rate to the profitability of Islamic banks, or to investigate the influence of interest rate to such the profitability. Based upon the granger test, there is absolutely no correlation between them, since the P-Value of causality is nearly 100 percent (97.9 percent).

Figure : 4.5.

Impulse Response Function (IRF) for Model 3.2

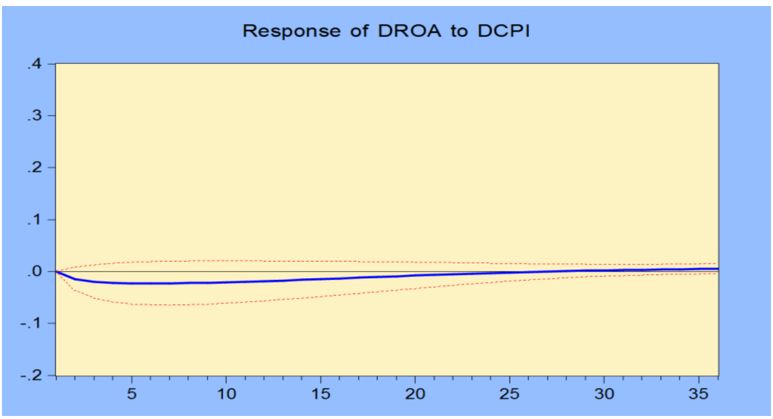


In spite of the fact that there is no significant correlation between ROA and IMMR, the response displayed by the figure is reasonable. The figure shows that the response of ROA is negatively in the early periods, which remains about 23 periods. When the interest rate of IMMR increases, the profit ratio of Islamic banks decreases. Such the phenomenon is realistic because when the interest rate of IMMR grows up, the number of deposits in Islamic banks will reduce due to a deposit-flight[15], and when the deposits decrease, the ROA will goes down accordingly. This phenomenon is consistent with the case happening in the responses of the total deposits of Islamic banks to the rate of IMMR.

The both following figures uncover the responses of ROA to macroeconomic conditions, for which represented by two core economic variables, i.e. inflation and economic growth. Both inflation rate and economic growth do not influence on the profit ratio of ROA in the Indonesian Islamic banks. However, in the early periods, the ratio gives a very little response to CPI, which continues 25 periods approximately.

Figure : 4.6.

Impulse Response Function (IRF) for Model 3.2

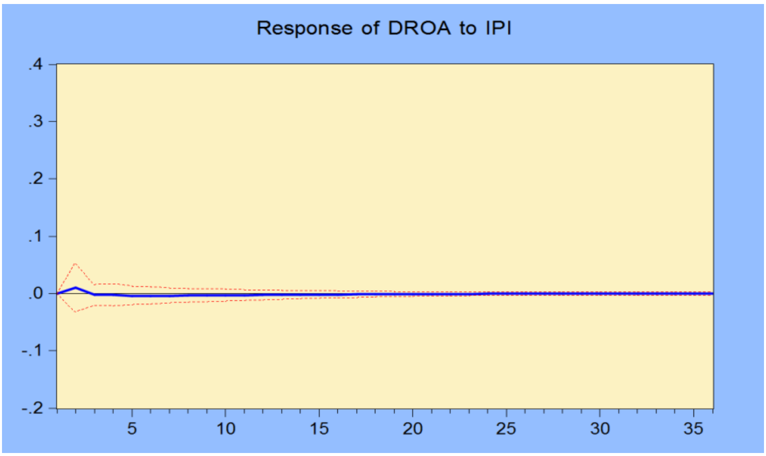


[15] See the relationship between IMMR and the Islamic banks' deposits in the IRF's figures in the appendix

The same case also happens in the other economic variable, IPI. IPI, Industrial Production Index, to which regarded as the indicatior of economic growth, has no impact on the profitability of Islamic banks in Indonesia.[16] As shown in the figure 4.7, it is in line with what disclosed by the granger causality test where there is no causality amongst the variables. The line of response, as shown by the figure, is parralel with the line of IPI. There is no a substantial shock given by the ROA to IPI as well.

Figure : 4.7.

Impulse Response Function (IRF) for Model 3.2



Concerning the results explained above, particulalrly the causality between the profitability and the both core

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[16] This could be seen in the table of granger causality test. The table displays that P-Value of the causality between ROA and IPI is 0.656. This means that the numeral is more than the accepted limit, which is 0.01 or 10 percent. Therefore, it is concluded that there is no correlation between them, or IPI does not influence on ROA.

macroeconomic variables, it is widely known that CPI and IPI are among the profitability determinants in banking industry. However, the Islamic banks' data show that the both variables do not have a significant correlation with the profitability. Some other researches also confirm the same results with what have been found by this research.

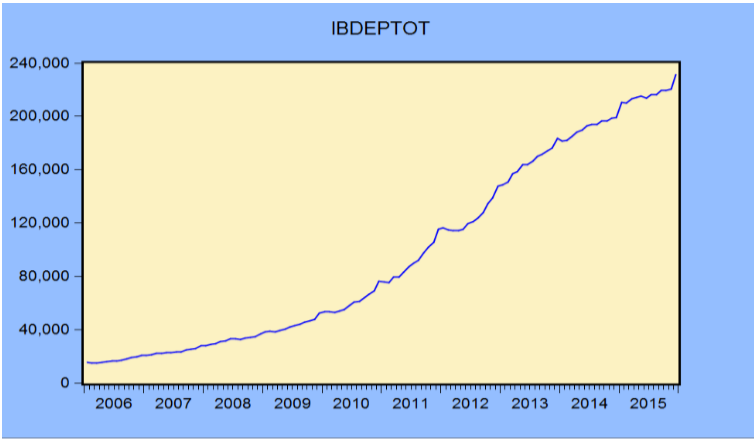
4.3. The Deposits of Islamic Banks in Indonesia

It is widely known that the most important source of fund for a banking industry is from the public. This means that the people play an important role in determining the existence of the industry. The bankruptcy of banks enormously depends upon the source of fund from the people as well. Such the reality also prevails in an Islamic banking industry where the banks also rely on the sources of fund from the people. The Indonesian Islamic banking industry, like its counterpart, relies on the money deposited by their customers or usually known as depositors.

In general, there are three foremost sorts of deposits currently operated by Islamic banks in Indonesia, viz. Wadiah Saving, Mudharabah Saving and Mudharabah Deposit. Such the three is similar technically with conventional banks, in which the banks also have three types of deposits; they are demand deposit, saving deposit and time deposit. Accordingly, the number of deposit in Islamic banks increases significantly year by year, during the last ten years in particular. The figure below portrays the growth of such the deposits.

Figure : 4.8.

Deposits of Islamic Banks 2006 to 2015



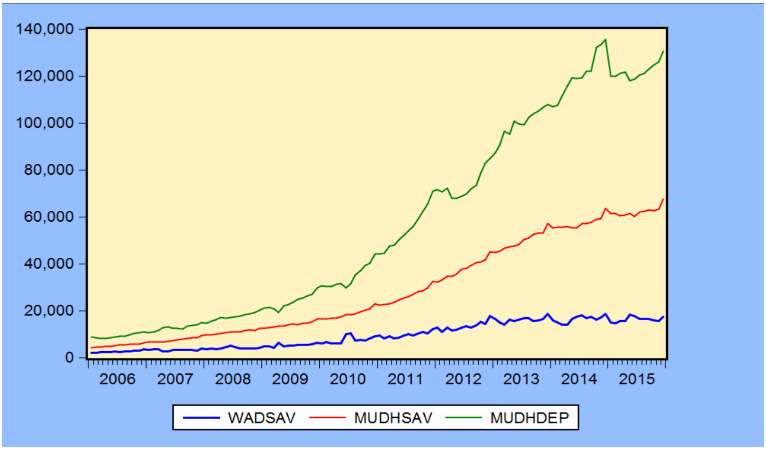
Source : Bank of Indonesia (BI) and the Financial Service Authority (OJK)

As stated, the deposits of Islamic banks are categorized into three sorts, wadiah saving, mudharabah saving and mudharabah deposit. However, the majority of people place their money in the form of mudharabah deposits[17]. The figure below displays the three types of deposits currently adopted by the Islamic banks in Indonesia.

[17] It is important to be noted that the mudharabah deposit to which the majority of people save their money is akin with the deposit system applied by conventional banks. It means such the deposits are also divided into some terms, 1-month, 3-month, 6-month, 12-month and more. Nevertheless, in this research, the author examines only three terms of the deposits, 1-month, 3-month and 12-month, since it is assumed that the terms are enough and can represent all kinds of them.

Figure : 4.9.

Types of Deposits of Islamic Banks 2006 to 2015



Source : Bank of Indonesia (BI) and the Financial Service Authority (OJK)

The figure above clearly shows that more than a half of the third-party fund in the Islamic banks is in the form of mudharabah deposit, which are about 50 to 60 percent. The second and the third are mudharabah saving and wadiah saving respectively, where mudharabah saving is 20 to 30 percent and wadiah saving is 10 to 20 percent approximately. In addition, the table indicates that the number of mudharabah deposit rises significantly particularly since 2010, and it is slightly similar with mudharabah saving. Nevertheless, the number of deposit in wadiah saving does not show the significant growth.

4.3.1. Unit Root Test

As described previously, the first step must be done regarding the VAR method is to test a unit root of data. The method requires stationarities of data in order to obtain the valid results. Currently, there are several statistical instruments used to test such the stationarity. For the deposits, there are, the same as profitability, two types of the tests utilized, they are Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP).

Based upon the data presented in the tables below, all of data are not stationary at level except Mudharabah Deposit (MudhDep), Profit Sharing Rate of Wadiah Deposit (PSR_{wadsav}) and Conventional Banking Rate of Demand Deposits (CBR_{dd}). However, some of them are stationary at the second difference, such as Conventional Banking Rate for three-month (CBR_{td03}). All of the data presented in the both tables (table 4.10 and table 4.11) are significant at 1 percent. For detail, look at the tables below.

Table : 4.10.

Unit Root Test Results for the Selected Endogenous Variables

No	Variables	ADF Test		PP Test	
		At Level	First Difference	At Level	First Difference
1	**WadSav**	-0.4685	-8.9834*	-0.6279	-18.7356*
2	**MudhSav**	-2.3055	-11.5831*	2.2680	-12.4701*
3	**MudhDep**	1.1490	-9.8866*	1.0464	-9.9252*
4	**MudhDep01**	-0.1420	-10.0793*	0.1293	-19.2457*
5	**MudhDep02**	-0.8943	-8.3224*	-0.7855	-7.8346*
6	**MudhDep03**	-2.5676	-9.8646*	-3.4650	-14.4741*

Note : *, **, and *** denotes the level of significance statistically at 1%, 5% and 10% respectively

The table above contains the dependent or endogenous variables and the next table is for independent or exogenous variables. The unit root test result of IBDepTot has been presented in the previous table of profitability.

Table : 4.11.

Unit Root Test Results for the Selected Exogenous Variables Determining Deposits in the Islamic Banks

No	Variables	ADF Test		PP Test	
		At Level	First Difference	At Level	First Difference
1	PSR_{wadsav}	-3.6679		-3.5734	
2	$PSR_{mudhsav}$	-2.8445	-12.1454*	-2.8360	-12.1672*
3	$PSR_{MudhDep}$	-2.7272	-9.5187*	-2.5126	-15.9150*
4	CBR_{dd}	-3.9275		-3.8501	
5	CBR_{sd}	-2.3854	-10.2410*	-2.5374	-10.5508*
6	CBR_{td01}	-2.1440	-3.9038*	-3.2147	-5.4253*
7	CBR_{td03*}	-3.3295	-10.0751*	-2.9742	-10.6798*
8	CBR_{td12}	-1.5350	-3.8544*	-1.6356	-7.1803*

Note : CBRtd03 is stationary at the second difference
*, **, and *** denotes the level of significance statistically at 1%, 5% and 10% respectively

There are seven models examined in this research in terms of the deposits of Islamic banks in Indonesia, from model 3.3 to model 3.9 as displayed in the chapter three. The variables of the models are wadiah saving (WadSav), Mudharabah Saving (MudhSav), Mudharabah Deposit (MudhDep), Mudharabah Deposist one-month (MudhDep01), Mudharabah Deposist three-month (MudhDep03), Mudharabah Deposist twelve-month (MudhDep12) and Total Deposits (IBDepTot).

4.3.2. Granger Causality Test

The Granger Causality test is the test that aims at investigating the relationship between variables in a model. In addition, the test is to determine whether variable in a model is dependent or independent. The test is also considered as the most important part of the VAR method. Nevertheless, to determine the optimal lag must be done before such the Granger Causality test.

According to the lag, based upon the data presented, four statistical criterions indicating that the optimal lag is at the first lag. The criterions are FPE (Final Prediction Error), AIC (Akaike Information Criterion), SC (Schwarz Information Criterion) and HQ (Hannan-Quin Information Criterion). Therefore, the optimal lag is chosen at the first lag.

Table : 4.12.

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-2.045.209	NA	5.46e+09	3.661.088	3.673.224	3.666.012
1	-1.636.988	7.727.048	5831388.*	29.76764*	30.49581*	30.06308*
2	-1.618.576	3.320.738	6576881.	2.988.528	3.122.026	3.042.692
3	-1.600.620	3.078.146	7508319.	3.001.107	3.195.285	3.079.891
4	-1.583.623	2.762.054	8771668.	3.015.397	3.270.257	3.118.802
5	-1.556.534	4.160.093	8626847.	3.011.667	3.327.207	3.139.692
6	-1.542.485	2.032.011	10820678	3.031.223	3.407.444	3.183.868
7	-1.510.157	43.87396*	9920341.	3.018.137	3.455.039	3.195.402
8	-1.492.586	2.227.801	12027648	3.031.403	3.528.985	3.233.288

* indicates lag order selected by the criterion

VAR Lag Order Selection Criteria for Model 3.3

The table below is the result of Granger Causality test for the first model of the Islamic banks' deposits, that is, Wadiah Saving (WadSav). The saving is similiar to Demand Deposits of Conventional Banking. There are five variables assumed to impact such the saving, they are Profit Sharing

Rate (PSR_{wadsav}) of the saving, Interbank Money Market Rate (IMMR), Consumer Price Index (CPI) and Industrial Production Index (IPI) and Conventional Banking Rate of Demand Deposits (CBR_{dd}).[18]

The result shows that neither banking- nor economic-based variables influence the level of saving. P-Values of the variable from PSR_{wadsav} to CBR_{dd}, as shown by the table 4.13. are not significant, which means that all variables included in the model do not influence on the level of wadiah saving. In the other word, the depositor do not regard the rate of profit sharing determined by Islamic banks when they save the money. Moreover, the type of saving is also free from the influence of interest rates, either IMMR or CBR.

Table : 4.13.

Granger Causality Test for Model 3.3

No	Null Hypothesis	F-Statisctic	P-Value
1	PSRWADSAV does not Granger Cause WADSAV	0.32124	0.572
2	IMMR does not Granger Cause WADSAV	1.94442	0.1659
3	CPI does not Granger Cause WADSAV	0.11198	0.7385
4	IPI does not Granger Cause WADSAV	0.68126	0.4108
5	CBR_DD does not Granger Cause WADSAV	0.03722	0.8475

[18] See model 3.3 in the chapter three. CPI is to represent the rate of inflation and IPI for the economic growth, since it is known that price as well as economic growth levels are among the variables inducing a banking industry. By theory, the both variables are considered as the determinants for a banking industry.

Besides, according to the table above, macroeconomic variables included in the model do not give effect upon the number of wadiah saving in the Islamic banks of Indonesia. Rate of inflation as well as economic growth level do not impact to the saving.

The second type of deposits examined in this research is Mudharabah Saving (MudhSav). The type is like saving deposits in conventional banks. The number of independent variables expected to influence the level of deposit is the same as the previous type, WadSav, five variables. They are PSR, IMMR, CBR_{sd}, CPI and IPI[19]. The table below confirms that the optimal lag is the first lag in which four criterions indicates the lag.

Table : 4.14.

VAR Lag Order Selection Criteria for Model 3.4

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-2.301.811	NA	5.34e+11	4.119.305	4.131.441	4.124.229
1	-1.708.785	1.122.513	21017376*	31.04973*	31.77790*	31.34517*
2	-1.686.924	39.42780*	22288409	3.110.579	3.244.076	3.164.743
3	-1.672.941	2.397.152	27315509	3.130.251	3.324.430	3.209.036
4	-1.658.196	2.396.036	33221316	3.148.564	3.403.423	3.251.968
5	-1.638.439	3.034.137	37243182	3.157.926	3.473.466	3.285.951
6	-1.620.899	2.536.935	43891138	3.171.249	3.547.470	3.323.894
7	-1.594.349	3.603.308	44612327	3.168.480	3.605.381	3.345.745
8	-1.570.029	3.083.378	47948483	3.169.695	3.667.277	3.371.580

* indicates lag order selected by the criterion

[19] CBR_{sd} is Conventional Banking Rate for saving deposits, the interest rate for saving deposit employed by conventional banks. Such the variable is included in the model in order to explore the influence of the rate towards the level of Mudharabah Saving, whereas it is known that the kind of deposits is similiar to saving deposits in conventional banks.

Table 4.15 displays the results of granger causality test for model 3.4, the model in which Mudharabah Saving (MudhSav) is regarded as the dependent variable. The table declares that there are three variables that have relationship with MudhSav significantly, viz. Profit Sharing Rate, IMMR and $CBR_{sd.}$

Table : 4.15.

Granger Causality Test for Model 3.4

No	Null Hypothesis	F-Statisctic	P-Value
1	PSRMUDHSAV does not Granger Cause MUDHSAV	3.93370	0.0497
2	IMMR does not Granger Cause MUDHSAV	4.00619	0.0477
3	CPI does not Granger Cause MUDHSAV	0.38187	0.5378
4	IPI does not Granger Cause MUDHSAV	0.51108	0.4761
5	CBR_SD does not Granger Cause MUDHSAV	3.03770	0.0852

Profit sharing rate (PSR) of mudharabah saving, according to the table, has a significant relationship with the number of fund deposited in the form of mudharabah saving. Besides, the saving is also influenced by the both interest rates, IMMR and $CBR_{sd.}$ This means that the existence of the saving depends on the rates. According to the other two macroeconomic variables, the test shows that mudharabah saving is not induced by such the variables, either CPI or IPI. This phenomenon also means that the people or the depositors who place their money in the form of the saving are not induced by inflation and economic growth.

The third model regarding the deposits is model 3.5. The model is to examine the mudharabah deposits for one month (MudhDep01)[20]. The model is to explore the effects of interest rates on the number of the deposit and its profit sharing rate. The model examines other variables that have the effects upon the deposits as well. Based upon the table below, the optimal lag is at the first one, since four criterions, FPE, AIC, SC and HQ, show such the lag.

Table : 4.16.

VAR Lag Order Selection Criteria for Model 3.5

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-1.962.071	NA	1.25e+15	5.179.134	5.197.535	5.186.488
1	-1.667.039	5.357.161	1.38e+12*	44.97471*	46.26274*	45.48947*
2	-1.631.310	59.23397*	1.41e+12	4.498.185	4.737.392	4.593.784
3	-1.599.538	4.765.868	1.65e+12	4.509.310	4.858.920	4.649.031
4	-1.574.252	3.393.681	2.38e+12	4.537.505	4.997.518	4.721.348
5	-1.549.519	2.928.903	3.73e+12	4.567.155	5.137.571	4.795.121
6	-1.514.092	3.635.877	4.80e+12	4.568.664	5.249.483	4.840.752
7	-1.480.574	2.910.838	7.39e+12	4.575.193	5.366.416	4.891.404
8	-1.431.522	3.485.248	9.10e+12	4.540.847	5.442.473	4.901.180

* indicates lag order selected by the criterion

In addition, the table below is the results of granger causality test for the model 3.5. There are no variables have relationship with the mudharabah deposits for one month, including its PSR rates as well as CBR rates.

[20] It is known that the deposit system in Islamic banking is the same as its counterpart, conventional banking particularly in categorizing deposit with several terms. It means that there is also available deposits with terms, such as 1-month, 3-month or more, in Islamic banking system. It is likely that Islamic banks in Indonesia follow the system operated by conventional banks.

Table : 4.17.

Granger Causality Test for Model 3.5

No	Null Hypothesis	F-Statisctic	P-Value
1	PSR_MUDHDEP01 does not Granger Cause MUDHDEP01	0.34652	0.5577
2	IMMR does not Granger Cause MUDHDEP01	0.02679	0.8704
3	CBR_TD01 does not Granger Cause MUDHDEP01	0.00006	0.9936
4	CPI does not Granger Cause MUDHDEP01	0.02245	0.8813
5	IPI does not Granger Cause MUDHDEP01	2.15662	0.1459

The next model is the model that inspects the mudharabah deposits for three months (MudhDep03). The table 4.18 shows the optimal lag for the granger causality test of the model is at the second lag. That the second lag is chosen as the lag optimal is that three statistical criterions signify the lag; they are FPE, AIC and HQ.

Table : 4.18.

VAR Lag Order Selection Criteria for Model 3.6

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-1.886.400	NA	1.71e+14	4.979.999	4.998.399	4.987.352
1	-1.534.430	6.391.030	4.20e+10	4.148.499	42.77303*	4.199.976
2	-1.472.848	1.020.964	2.18e+10*	40.81178*	4.320.385	41.76777*
3	-1.437.514	53.00116*	2.32e+10	4.082.931	4.432.541	4.222.652
4	-1.402.845	4.652.938	2.62e+10	4.086.434	4.546.447	4.270.277
5	-1.384.032	2.227.843	4.79e+10	4.131.663	4.702.079	4.359.629
6	-1.354.934	2.986.356	7.29e+10	4.149.826	4.830.646	4.421.915
7	-1.310.010	3.901.331	8.30e+10	4.126.341	4.917.564	4.442.552
8	-1.267.819	2.997.747	1.22e+11	4.110.050	5.011.676	4.470.384

* indicates lag order selected by the criterion

As to the relationship between the variables within the model, the table 4.19 shows that there are no variables except IMMR that impact on the number of fund deposited in Islamic banks in the form of the 3-month mudharabah deposit. This also prevails in the rate of profit sharing, in which the deposit is not influenced by the rate.

Table : 4.19.

Granger Causality Test for Model 3.6

No	Null Hypothesis	F-Statisctic	P-Value
1	PSR_MUDHDEP03 does not Granger Cause MUDHDEP03	0.09700	0.7563
2	CBR_TD03 does not Granger Cause MUDHDEP03	0.39654	0.5307
3	IMMR does not Granger Cause MUDHDEP03	5.76734	0.0186
4	CPI does not Granger Cause MUDHDEP03	0.50688	0.4786
5	IPI does not Granger Cause MUDHDEP03	0.91574	0.3415

The granger causality test result above demonstrates that P-Value of the variables is not significant at 1 percent or below than five percent except the interest rate of IMMR. This means that only the rate of IMMR has the effect upon the fluctuation of the deposits. Concerning CPI and IPI, the existence of the both variables are the same as the previous model in which they have no influence towards the deposit.

The tables 4.20 and 4.21 are the ones related to the model 3.7. Such the model is the same as the model 3.6 where there are five independent variables included in the model; they are PSR, IMMR, CBR, CPI and IPI. The third lag is considered as the optimal lag for the model in testing the granger causality between the variables since three of the criterions indicate such the lag.

Table : 4.20.

VAR Lag Order Selection Criteria for Model 3.7

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-1.876.678	NA	1.32e+14	4.954.415	4.972.815	4.961.768
1	-1.650.899	4.099.659	9.00e+11*	4.454.998	45.83802*	45.06474*
2	-1.620.034	51.17208*	1.05e+12	4.468.509	4.707.716	4.564.108
3	-1.587.745	4.843.224	1.21e+12	4.478.277	4.827.887	4.617.998
4	-1.558.944	3.865.509	1.59e+12	4.497.220	4.957.233	4.681.063
5	-1.522.017	4.372.925	1.81e+12	4.494.781	5.065.197	4.722.747
6	-1.477.920	4.525.695	1.85e+12	4.473.474	5.154.294	4.745.562
7	-1.428.633	4.280.238	1.88e+12	4.438.507	5.229.729	4.754.718
8	-1.362.892	4.671.027	1.50e+12	43.60243*	5.261.868	4.720.576

* indicates lag order selected by the criterion

Concerning the relationship between the selected variables and the type of deposit of mudharabah 1-year, the table indicates that the selected independent variables included in the model do not impact on the number of mudharabah deposit 1-month. The table discloses that profit sharing rate, which is usually used as the yardstick for the depositors who place their money in Islamic banks, does not persuade the number of the deposit as well. This also prevails in the variables of interest rate, either IMMR or CBR.

Such the fact could be seen in the granger causality test results presented by the table 4.21 below. Obviously, it shows that the P-Values of the variables are not statistically significant, which means that the mudharabah deposit is not swayed by the five selected variables. For detail, look at the table below.

Table : 4.21.

Granger Causality Test for Model 3.7

No	Null Hypothesis	F-Statisctic	P-Value
1	PSR_MUDHDEP12 does not Granger Cause MUDHDEP12	0.54236	0.4636
2	CBR_TD12 does not Granger Cause MUDHDEP12	0.03437	0.8534
3	IMMR does not Granger Cause MUDHDEP12	0.46801	0.4959
4	CPI does not Granger Cause MUDHDEP12	0.02802	0.8675
5	IPI does not Granger Cause MUDHDEP12	1.59851	0.2098

The last three tables describes on the condition of deposits in Islamic banks concerning their terms, one, three and twelve months. The next table is to reveal such the total deposits. Investigating of the deposit in total is considered enormously essential in order to know the effects of the variables in general. According to the lag, based on the table of order selection criteria, the optimal lag is at the second lag as there are three of five indicators or criterions show it. The criterions are LR, FPE and AIC.

Table : 4.22.

VAR Lag Order Selection Criteria for Model 3.8

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-2.415.732	NA	4.08e+12	4.322.736	4.334.872	4.327.660
1	-1.836.616	1.096.184	2.06e+08	3.333.244	34.06060*	33.62788*
2	-1.811.385	45.50622*	2.06e+08*	33.32831*	3.466.328	3.386.995
3	-1.793.794	3.015.576	2.36e+08	3.346.061	3.540.240	3.424.846
4	-1.773.602	3.281.237	2.61e+08	3.354.647	3.609.506	3.458.051
5	-1.751.752	3.355.608	2.82e+08	3.360.271	3.675.811	3.488.295
6	-1.737.542	2.055.390	3.52e+08	3.379.538	3.755.759	3.532.183
7	-1.711.394	3.548.592	3.61e+08	3.377.489	3.814.391	3.554.754
8	-1.695.282	2.042.763	4.49e+08	3.393.361	3.890.943	3.595.246

* indicates lag order selected by the criterion

With respect to the correlation among variables, the following granger causality test reveals that two of the four independent variables sway the total mudharabah deposits. The both variables are PSR of the deposit and interest rate of IMMR. But, the other macroeconomic variables, CPI and IPI, have no correlation with the deposit. The facts, as described, could be resulted from the table of causality test. The table demonstrates the significance of PSR and IMMR towards the deposit not for the other two variables.

The table exposes that the number of mudharabah deposit is affected by the rate of profit sharing and the rate of interest. The both variables significantly influence the deposit[21]. The P-Value of $PSR_{mudhdep}$ as shown in the table below is 0.0402 or 4.02 percent and IMMR is 0.0838 or 8.38 percent. Due to still under the accepted limit, PSR and IMMR are regarded to have correlation with the number of deposit, or the both independent variables sway to the deposit.

Table : 4.23.

Granger Causality Test for Model 3.8

No	Null Hypothesis	F-Statisctic	P-Value
1	PSRMUDHDEP does not Granger Cause MUDHDEP	4.30707	0.0402
2	IMMR does not Granger Cause MUDHDEP	3.04160	0.0838
3	CPI does not Granger Cause MUDHDEP	0.13606	0.7129
4	IPI does not Granger Cause MUDHDEP	0.16066	0.6893

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Value limit is used under ten percent.

The last model in the terms of the deposit in Islamic banks is the total deposits. The deposits includes wadiah saving, mudharabah saving and mudharabah deposit for all terms. The model aims at inspecting the determinants of such the deposit. In particular, the model's objective is to know the influence of interest rate toward the total Islamic deposits. Similar to the preceding model of mudharabah deposit (model 3.8), the variables expected to affect the total deposits in Islamic banks are four variables, they are profit sharing rate (PSR), interest rate (IMMR), inflation (CPI) and economic growth (IPI).

In addition, based upon the table 4.24 below, the optimal lag for the model 3.8 is the first lag. This is because that four of five criterions signify such the lag. The criterions are FPE, AIC, SC and HQ.

Table : 4.24.

VAR Lag Order Selection Criteria for Model 3.9

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-2.413.797	NA	3.94e+12	4.319.280	4.331.416	4.324.204
1	-1.780.162	1.199.380	75184307*	32.32433*	33.05249*	32.61977*
2	-1.759.029	3.811.581	80773572	3.239.337	3.372.835	3.293.501
3	-1.748.506	1.803.856	1.05e+08	3.265.190	3.459.368	3.343.974
4	-1.734.123	2.337.308	1.29e+08	3.284.148	3.539.007	3.387.552
5	-1.707.333	41.14216*	1.27e+08	3.280.951	3.596.491	3.408.976
6	-1.696.629	1.548.227	1.70e+08	3.306.480	3.682.701	3.459.125
7	-1.670.598	3.532.717	1.74e+08	3.304.640	3.741.541	3.481.904
8	-1.646.557	3.048.049	1.88e+08	3.306.352	3.803.935	3.508.237

* indicates lag order selected by the criterion

It is the same with the prior model, mudharabah deposit, there are only two independent variables have a correlation with the dependent variable, the total deposits. The variables are PSR_{dep} and IMMR.

Table : 4.25.

Granger Causality Test for Model 3.9

No	Null Hypothesis	F-Statisctic	P-Value
1	PSRDEP does not Granger Cause IBDEPTOT	9.47163	0.0026
2	IMMR does not Granger Cause IBDEPTOT	3.77550	0.0544
3	CPI does not Granger Cause IBDEPTOT	0.11317	0.7372
4	IPI does not Granger Cause IBDEPTOT	0.00136	0.9706

Based upon the table of granger causality test above, P-Values of PSR_{dep} and IMMR are 0.0026 (0.26 percent) and 0.0544 (5.44 percent) respectively. This means that the both variables are significant because their P-Values are less than 10 percent. Nevertheless, because their P-Values higher than the accepted limit, the other two variables, CPI and IPI, are not significant, where CPI = 0.7372 (73.72 percent) and IPI = 0.9706 (97 percent). This information denotes that the both variables have no correlation with the number of deposits in Islamic Banks.

Therefore, it is important to be noted that the rate of profit sharing is an important determinant of deposits in Islamic banks. The interest rate of IMMR is regarded as the core variable determining the deposits as well. Such the reality is based upon models examined before. Nearly all models of deposit disclose that PSR and IMMR have a significant correlation with the types of deposit. However, two other important variables, according to the tables of the granger causality test results, have no a significant correlation with the deposits.[22]

In addition to the types of deposit as explained above, it is also interesting to explore the relationship between profit sharing rates of the deposits and interest rates of conventional banks. The table 4.25 directly indicates that there is a relationship between them, which means that profit sharing rates (PSR) of deposits are influenced by interest rates of conventional banks. However, two of them are free from such the influence, they are PSR_{wadsav} and $PSR_{mudhsav,}$ in which the both are not influenced by either IMMR or CBR.

The table of the granger causality test between PSR and interest rates indirectly uncovers the behavior of the Indonesian Islamic banks particularly in the face of interest rates. The table indicates that the rates of profit sharing, excluding Wadiah Saving (WadSav) and Mudharabah Saving (MudhSav), are swayed by the current interest rates, either IMMR or the conventional banks' rates themselves. This means that the

[22] However, the granger causality tests does not display the direction of such the correlation, whether positive or negative. The direction among the variables could be seen in the figure of Impulse Response Function. Besides, the detail of movement of dependent variables towards independent variables, period by period, is displayed in Variance Decomposition Tables. Such the tables could been examined in the appendix of this research.

Islamic banks, in determining their profit sharing rates for the deposits, directly or indirectly follow the interest rates.

Table : 4.26.

Granger Causality Test for Interrelationship Between Profit Sharing Rate and Interest Rate

No	Null Hypothesis	F-Statisctic	P-Value
1	IMMR does not Granger Cause PSR_WADSAV	0.19473	0.6598
2	CBR_DD does not Granger Cause PSR_WADSAV	0.08877	0.7665
3	IMMR does not Granger Cause PSR_MUDHSAV	0.01066	0.918
4	CBR_SD does not Granger Cause PSR_MUDHSAV	1.87232	0.175
5	IMMR does not Granger Cause PSR_MUDHDEP01	3.21224	0.0769
6	CBR_TD01 does not Granger Cause PSR_MUDHDEP01	8.85092	0.0039
7	IMMR does not Granger Cause PSR_MUDHDEP03	6.86107	0.0105
8	CBR_TD03 does not Granger Cause PSR_MUDHDEP03	13.6866	0.0004
9	IMMR does not Granger Cause PSR_MUDHDEP12	4.10442	0.0461
10	CBR_TD12 does not Granger Cause PSR_MUDHDEP12	9.81891	0.0024
11	IMMR does not Granger Cause PSRMUDHDEP	8.33556	0.0046
12	IMMR does not Granger Cause PSRDEP	7.42306	0.0074

The profit sharing rates of the total deposits (PSR_{dep}) and the mudharabah deposits ($PSR_{mudhdep}$), as shown by the table, have strong relationship with the interest rate of IMMR. The table displays that P-Values of the correlation between the variables, are 0.0046 (0.46 percent) and 0.0074 (0.74 percent) respectively. This means that the relationship between them is extremely strong.

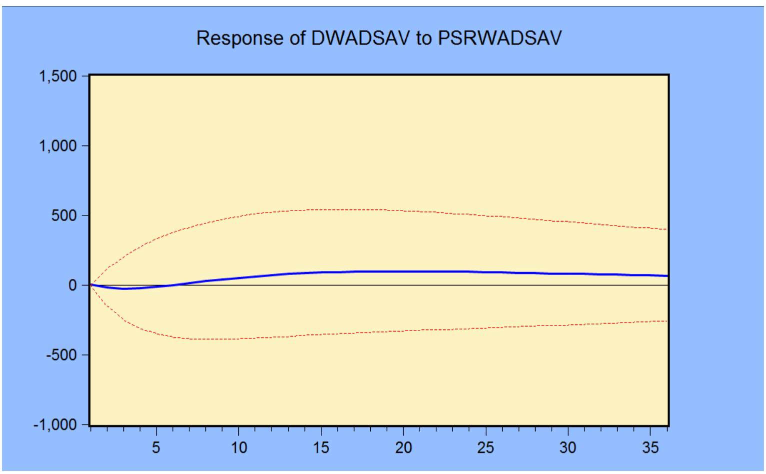
Moreover, not only does IMMR but also other conventional banking rates have correlation with the deposits. All types of CBR, as indicated by the granger causality test result, influence the rates of profit sharing of Islamic banks deposits, except Wadiah and Mudharabah Savings.

4.3.3. Impulse Response Function (IRF)

As presented by the table of granger causality test above, the profit sharing rate of wadiah saving (PSR_{wadsav}) does not influence to the number of wadiah saving in the Indonesian Islamic banks. The interest rate of IMMR has no effect to the kind of deposits as well. Moreover, based upon the test, not only do the both variables, but also other macroeconomic ones have no effects on the Islamic deposit in the form of wadiah saving. Look at the following figures.

Figure : 4.10.

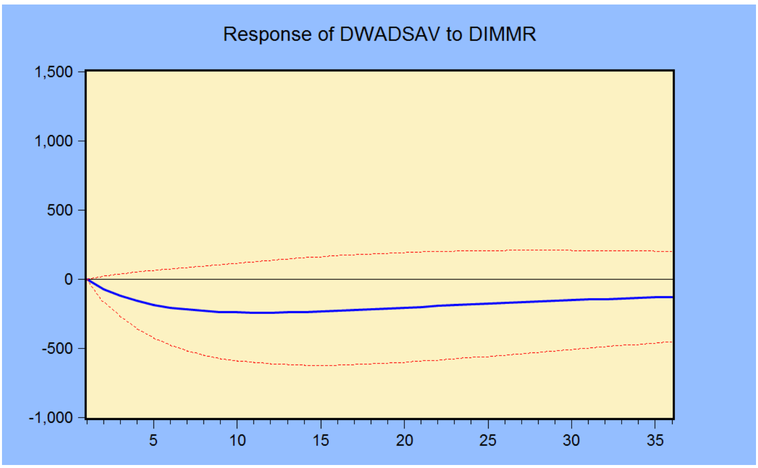
Response of WadSav to PSR_{wadsav}



The figure above clearly uncovers that there is no a significant response towards the rate of profit sharing by the wadiah saving. Depositors who place the money in Islamic banks in the form of wadiah do not care about the profit sharing rate provided by the banks. However, it is different with the interest rate of IMMR, where the deposit of wadiah has a response to the interest rate. Notwithstanding insignificant[23] between the variables, the wadiah saving responds negatively to the interest rate, which means that the number of savings will goes down as the interest rate grows up.

Figure : 4.11.

Response of WadSav to IMMR



Such the occurance above is parallel with the other type of deposits, such as mudharabah saving (MudhSav). The IRF for the deposit accords with the data presented by the granger

[23] The result of the test shows that the correlation between WadSav and IMMR is nearly significant in which its P-Value is 16 percent, where six percent is more than the accepted limit.

test. The table of IRF uncovers that the variable of MudhSav responds negatively to either IMMR or CBR_{sd}. The both interet rates absolutely influence the existence of the saving. Therefore, there is a deposit-flight in the Islamic banks when the interet rates are high. In the other word, when the interest rates are upsurge, the number of deposit is decline.

Such the above finding is similar to the research's result found by Zainol and Kassim (2010:72). Their research, using the Malaysian banking industry data from 1997 to 2008, indicates that there is a deposit-flight from the Islamic banks to the conventional banks due to an increased interest rate. The research, employing the VAR method and Impulse Response Function (IRF), finds that there is a relationship between interest rate and the amount of deposit in the Islamic banks.

For detail, look at the following figures.

Figure : 4.12.

Response of MudhSav to IMMR

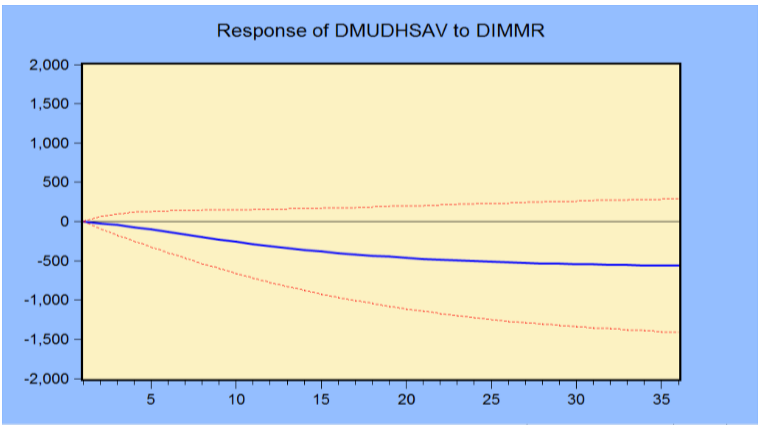
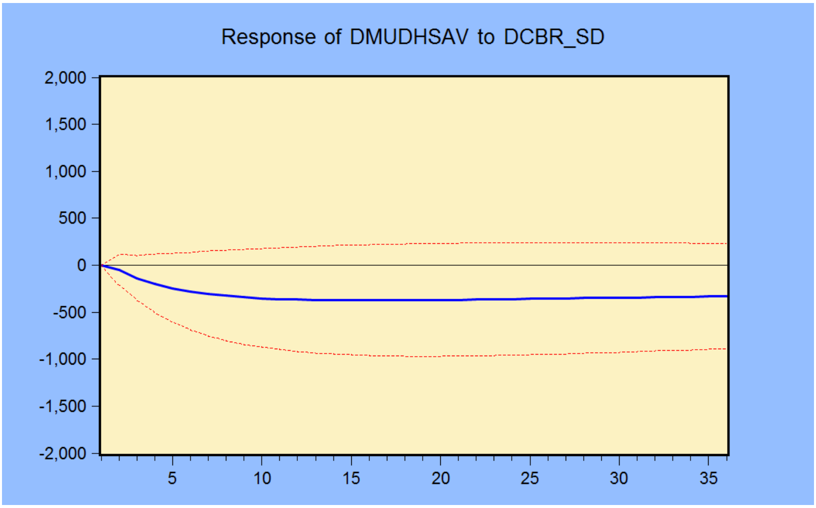


Figure : 4.13.

Response of MudhSav to CBR_{sd}



The next is the IRF for the mudharabah deposit. As explained previously, such the deposit is devided into several terms and this research only inspects three of them. Concerning the first type of deposit (MudhDep01), it is in line with what has been exposed by the granger test table stating no one of the independent variables is significantly correlated with the deposit, that the figure below clearly shows that there is no a significant response of the deposit towards the variables, such as IMMR, CPI and IPI. For instance, although the variable of MudhDep01 responds to IMMR in all periods, its response is very small. It also happens in other two variables, CPI and IPI.

Figure : 4.14.

Response of MudhDep01 to IMMR

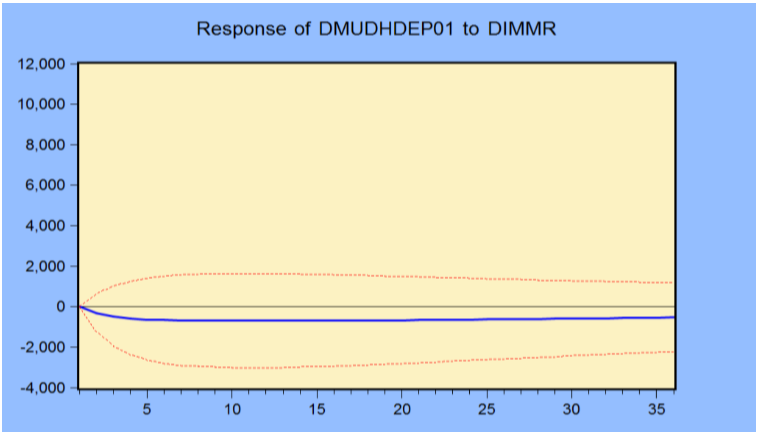


Figure : 4.15.

Response of MudhDep01 to CPI

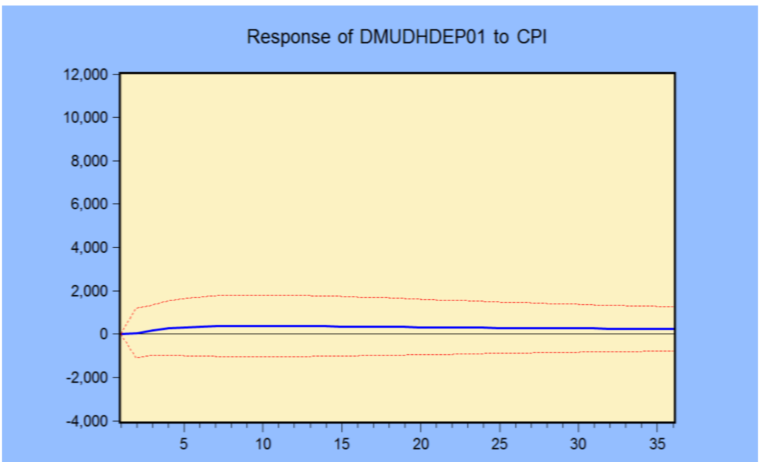
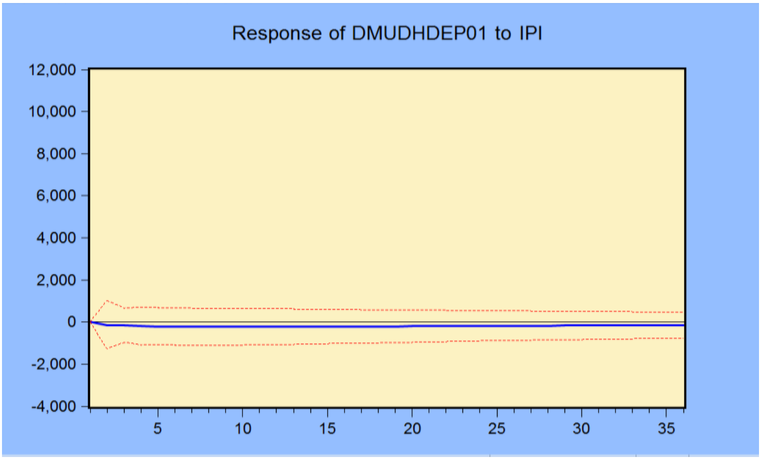


Figure : 4.16.

Response of MudhDep01 to IPI



The figures 4.15 and 4.16 above explain the response of the mudharabah deposits of one-month to CPI and IPI.[24] The former figure obviously illustrates that there are no response of such the deposit to the inflation rate of CPI. The same occurrence also happens in the next figure of IPI. The figure displays that the response line is paralell with the period line and there is no a significant shock or response throughout the periods.

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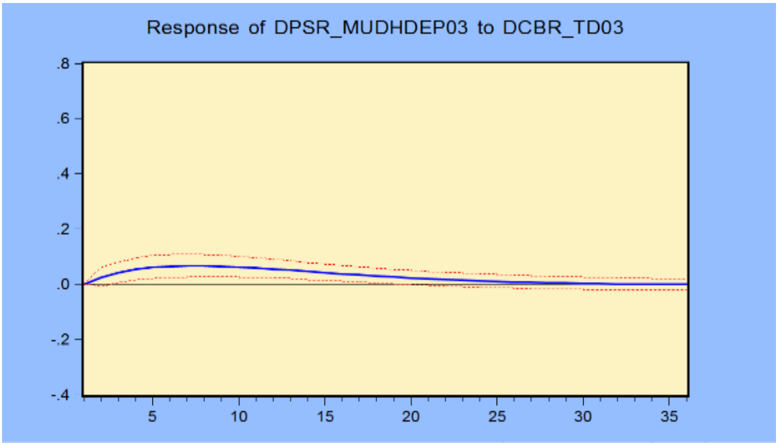
[24] The results of granger causality test for all types of deposit, from the model 3.3 to the model 3.9, show that CPI and IPI are not significant. This means that the economic variables such as inflation and economic growth do not impact on the deposits. In this regards, figures describing responses of deposits to the both variables are not attached all in this research.

Statistically, as presented by the granger causality test, $PSR_{mudhdep\mathbf{03}}$ is not significant to CBR_{td03}. However, similar to the other types of deposit, the rate of profit sharing responds positively to the interest rate. The response of such deposits to another interest rate, IMMR, is the same as well.

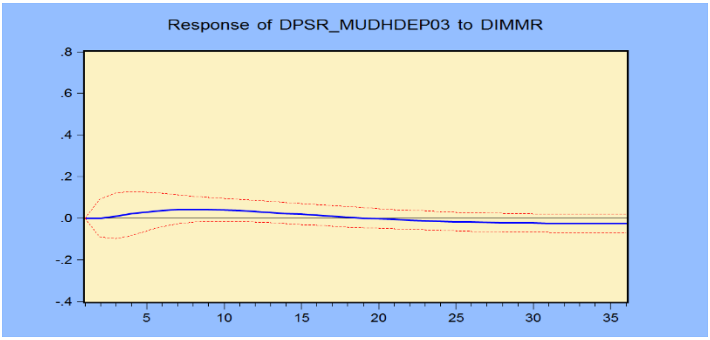
Figure : 4.17.

Response of $PSR_{mudhdep03}$ to CBR_{td03}



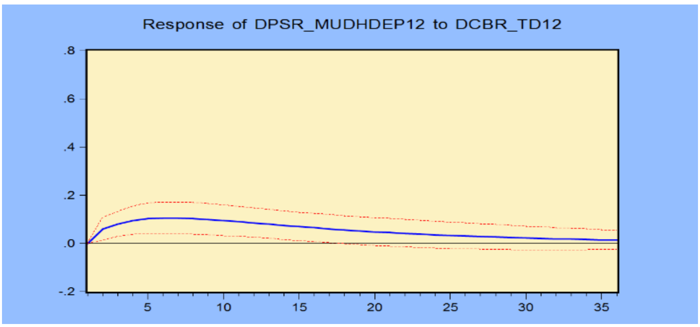
The positive response of the PSR to CBR lasts approximetely 25 periods. Due to a positive correlation between the Islamic banks' rate and the conventional banks' rate, it is concluded that the behaviours of Islamic banks are influenced by their counterpart, the conventional banks. The figure below also reveals such the positive response, nevertheless the former's is stronger than the later's.

Figure : 4.18.
Response of $PSR_{mudhdep03}$ to IMMR



The last type of the Islamic banks' deposits is the 12-term mudharabah deposits (MudhDep12). Concerning its PSR, based on the granger causality test, the profit sharing rate of deposit correlates significantly to the interest rates.[25] For a detailed explainantion, look at the both following figures.

Figure : 4.19.
Response of $PSR_{mudhdep12}$ to CBR_{td12}



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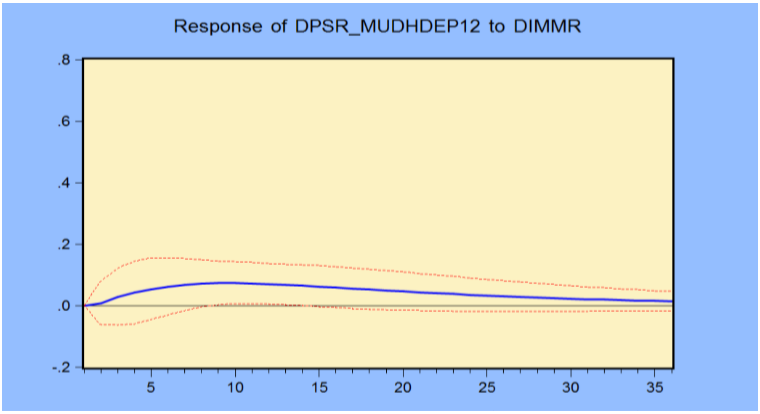
[25] As disclosed by the table, that interest rates either IMMR or CBR are significantly correlated to the profit sharing rate of the deposit. Their correlation is positive, which means that when the interest rates increase, the profit sharing rate also follows such the increase, and vice versa.

Figure : 4.20.

Response of $PSR_{mudhdep12}$ to IMMR



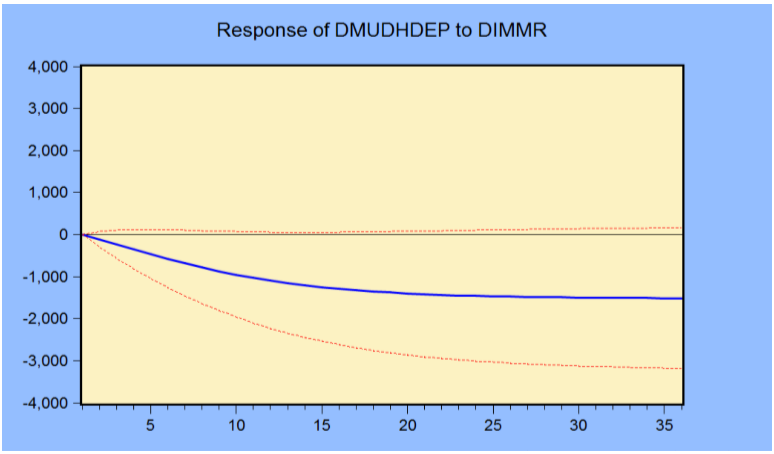
The both figures above show the strongly positive response of the mudharabah deposit to either IMMR or CBR. The response are over 35 periods. The phenomenon as indicated by the figures is consistent with what presented by the granger causality test before. In addition, it indirectly describes the behaviours of Islamic banks in determining their profit sharing rates, in which the Islamic banks follow and consider the conventional banks' rates. Similiarly, the banks are swayed by the interets rates directly or indirectly. Accordingly, the higher or the lower the conventional banks' rate, the higher or the lower the Islamic banks' profit sharing rates.

The following figure is the figure that explains the response of the total mudharabah deposits to the interest rate of IMMR. As displayed by the table, there is a negative correlationship between the deposit and the rate of IMMR, which means that as the rate escalates, the number of the deposit goes down, and vice versa, as the rate decreases the number of deposit grows up. In the other word, the higher the interest rate, the less the deposits.

It is in line with what happened in sevaral types of deposits before. One of the important things to be underlined is that there is a deposit-movement in the Islamic banks. Such the phenomenon indirectly describes the behaviours of depositors in saving their money in Islamic banks, in which they are influenced by the conventional banks' of interet rates.

Figure : 4.21.

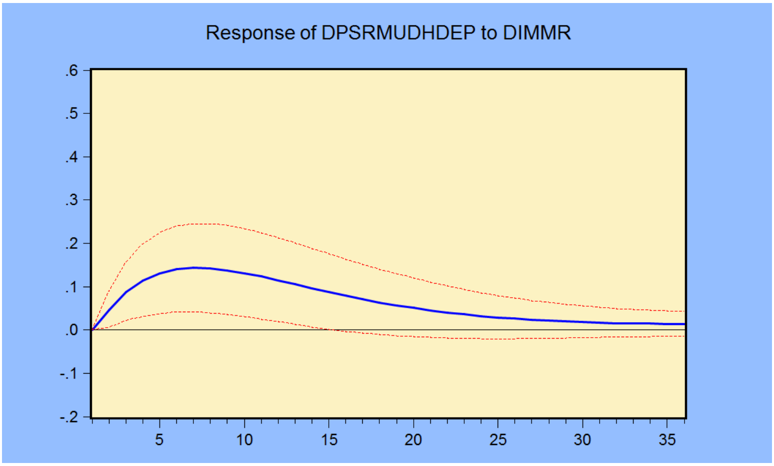
Response of MudhDep to IMMR



Not only does MudhDep but also $PSR_{mudhdep}$ has a significant correlation with the interest rate of IMMR. However, it is different with MudhDep, $PSR_{mudhdep}$ correlates with the rate positively. The figure 4.22 below also shows that the PSR responds quickly to the interest rate, and its response endures more than 25 periods. Based upon the phenomenon shown by the figure, the profit sharing rate of the mudharabah deposit is influenced by IMMR.

Figure : 4.22.

Response of $PSR_{mudhdep}$ to IMMR



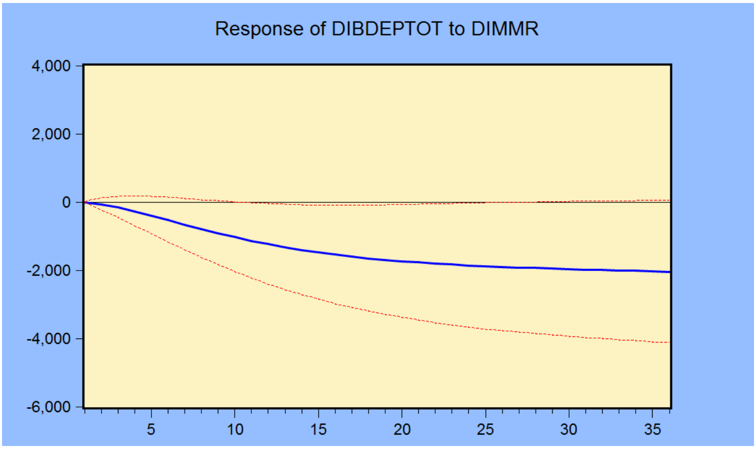
The next figure (figure : 4.23) is to display the response of IBDepTot to the interest rate of IMMR[26]. It is consistent with the granger test that IBDepTot correlate significantly with IMMR. The figure discloses that the total deposits in Islamic Banks responds negatively to the rate of IMMR. This

[26] IBDepTot, as defined previously, is the total deposits in the Islamic banks. It is the sum of all kinds of deposit. The figure is to display the variable towards the rate of IMMR only not CBR, on account of the fact that there is no availability the rate in one figure. It is known that, in conventional banks, the rate of CBR has any types and terms, such as CBR for demand deposit and others.

concludes that when the conventional rate increases, the number of deposit in Islamic banks reduces.

Figure : 4.23

Response of IBDepTot to IMMR



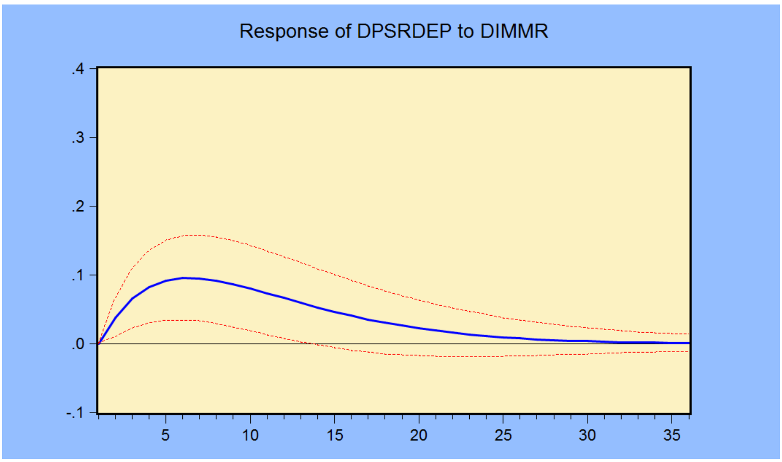
The above phenomenon also indicates that there is a deposit-flight from Islamic banks to conventional banks. Likewise, depositors who save their money in Islamic banks are influenced by conventional banking rate. In addition, IMMR has a significant correlation with PSR_{dep}, however, they correlate positively. The profit sharing rate, as displayed the figure below, responds immediately to the interest rate of IMMR, which remains for about 30 periods.

The last figure regarding the deposits of Islamic banking in Indonesia is the one displaying the relationship between PSR_{dep} and IMMR. PSR_{dep} is defined as the rate used for attracting people to place their money in Islamic banks. It is techically the same as the interest rate in conventional banks, where the rate also aims at attracking the people to deposit their money.

It is consistent with other types of PSR's deposits where their existence is determined or swayed in the conventional banking's rate. The rate of profit sharing for the total deposits in Islamic banks is influenced by the interest rate of IMMR. This indirectly concludes that the Islamic banks' operation follows to the variables controlled by conventional banks. Look at the following figure.

Figure : 4.24

Response of PSR_{dep} to IMMR



The positive response given by the profit sharing rate to the interest rate of IMMR, as presented by the figure, means that when the interest rate is high, the profit sharing rate rises. Moreover, the figure also shows the immidiate response of the profit sharing rate, and it endures about 30 periods.

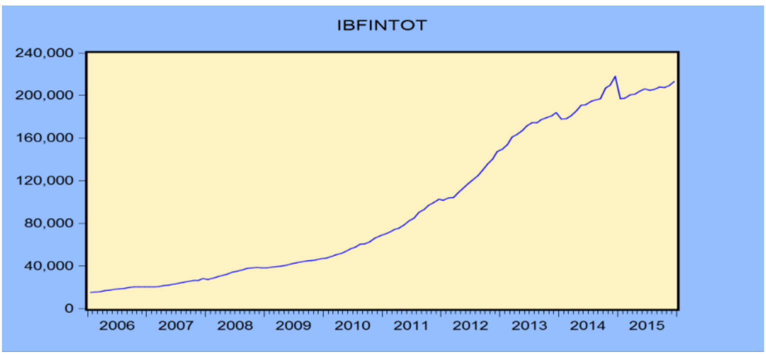
Accordingly, based upon the seven models examined in this chapter, it likely denotes the strong influence of interest rates to the existence of deposits in Islamic banks in Indonesia. Such the influence happens in the banks themselves or in the people. As to the banks, the influence lies in determining profit sharing rates for deposits, and as to the people, there is a deposit-flight when the interest rate is high.

4.4. The Financing of Islamic Banks in Indonesia

Financing activities are considered as the most important one in a banking industry. Not only do conventional banks but also Islamic banks view that the financings are the inevitable tasks of their banking operations. In addition, through the financing the banks can gain the profits as must as possible. The financing can develop as well as stabilize the economy in a country as well.

Concerning the Indonesian Islamic banks, the number of financing improves significantly year by year. The following figure displays the development of financing in the Islamic banks in Indonesia.

Figure: 4.25
Financing of Islamic Banks 2006 to 2015

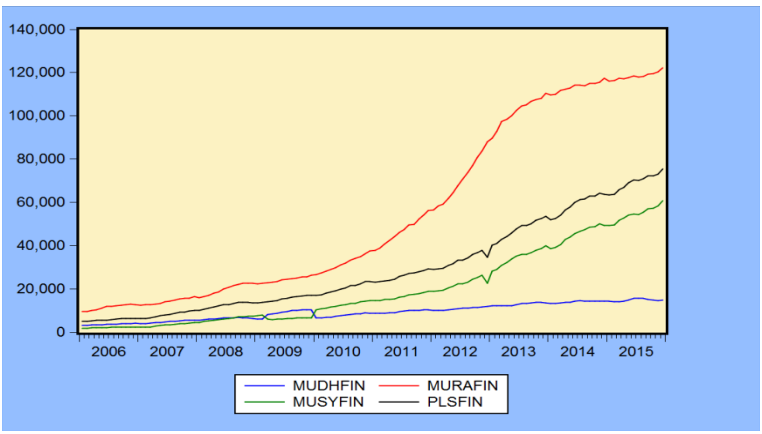


The data above is the financing from Islamic Commercial Banks (BUS) and Islamic Business Units (UUS). During the periods, 2006-2015, the financing in the Islamic banks rises more than ten times. In 2006, the financing is Rp. 15.042 billion, and over ten years later, it improves at the extraordinary amount, where in 2015, the number of financing is Rp. 212.996 billion. However, such the quantity is still small if compared with the amount of credits distributed by conventional banks, which is about 3-5 percent.

In general, the types of financing in the Indonesian Islamic banks can be categorized into three primary types; they are the PLS-based Financings, the mark-up-based financings and the services-based financings. The first one is regarded the fundamental financing under the Islamic banking system, which consists mudharabah and musyarakah financings.

Figure: 4.26

Types of Financing of Islamic Banks 2006 to 2015



The figure shows that the murabahah financing is the most priority in the Islamic banks. Moreover, about sixty percent of the financing is allocated in the murabahah financing. For instance, as 2015, the total financing in the murabahah is Rp. 122.111 billion, while the PLS-based financing is only Rp. 75.533 billion, which is 57 and 35 percent approximately to the total financing in the Islamic banks in Indonesia. The mudharabah and musyarakah, which are regarded as the PLS-based financing, are Rp. 14.820 and Rp. 60.713 billion respectively.

Besides, it is important to be noted, the financing of Islamic banks is not only distributed in the real sector. The Islamic banks also involve in the financial markets. Moreover, some portion of their money are allocated to participate in the capital markets as done by their counterpart, conventional banks.

4.4.1. Unit Root Test

As done previously, the early step must be done before utilizing the VAR method is to test the stationarity data, because it is the primary requirement for the method. The following figure is to display the selected variables involved the models of financing[27].

[27] Some of them related to the financing models have been displayed in the preceding tables of unit root test results, such as IBFinTot, IBDepTot and others.

Table : 4.27.
Unit Root Test Results for the Selected Variables Related to Financing in the Islamic Banks

No	Variables	ADF Test		PP Test	
		At Level	First Difference	At Level	First Difference
1	**MudhFin**	-0.895458	-9.808397	-0.924591	-9.785618
2	**MusyFin**	4.250998		4.189063	
3	**MuraFin**	-0.33043	-16.61599	0.785183	-6.824649
4	**PLSFin**	3.883036		4.264873	
5	**PSRfin**	-1.657788	-15.49079	-2.077544	-15.31878
6	**PSRpls**	-2.983118	-14.19364	-2.983118	-14.35916
7	**PSRmudh**	-2.305917	-9.70335	-2.278776	-9.705742
8	**PSRmura**	-2.455232	-15.67591	-3.201885	-15.87283
9	**CBRwc**	-3.041379	-10.63866	-3.041379	-10.62235
10	**CBRi**	-2.874181	-6.01756	-3.497449	-6.380234
11	**CBRc**	-3.037414	-8.413617	-2.66436	-9.994722

The figure displays that all variables except MusyFin and PLSFin are not stationary at level. They are stationary at the first difference. Moreover, the variable of MuraFin is stationary at the second difference, based upon the ADF test, but it is stationary at the first difference according to the PP test.

As described in the chapter III, there are five models employed in investigating the financings in Islamic banks, viz. MudhFin, MusyFin, MuraFin, PLSFin and IBFinTot. Two of the five dependent variables, as displayed by the table, are stationary at level, but the others are at the first difference. In addition, the significance level of the test is 0.01 (99 percen).

4.4.2. Granger Causality Test

To examine or to know causalities between variables in a model in the frame of the VAR method is done by exploiting the Granger Causality Test. The test is to know correlations amongst the variables and the direction between them. The test will display the level of relationship of the variables as well[28]. Akin to the previous models, the models inspecting the relationship between financing and interest rates also decide the level of significance at 10 percent or 0.1.

The first model scrutinizing the existence of interest rates towards the Islamic banks' financing is the model 3.10. The model is to look over the mudharabah financing to which involved five independent variables, PSR_{pls}, IMMR, CBR_{wc}, CPI and IPI. That the CBR_{wc} is included in the model is because the financing is related to the type of credit using the conventional banking rate of CBR_{wc}.

The following is the table presenting the data that aims at deciding an optimal lag of the mentioned model. It is known that the initial step before testing causalities is to know the optimal lag. The lag is chosen due to the five statistical criterions as presented in the table.

Table: 4.28.

VAR Lag Order Selection Criteria for Model 3.10

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-2.161.851	NA	4.39e+10	3.869.377	3.881.513	3.874.301
1	-1.682.622	907.1115*	13172824*	30.58254*	31.31071*	30.87798*
2	-1.666.091	2.981.469	15364390	3.073.377	3.206.875	3.127.541
3	-1.655.273	1.854.582	19924659	3.098.702	3.292.880	3.177.486
4	-1.641.847	2.181.640	24810210	3.119.370	3.374.230	3.222.775
5	-1.619.692	3.402.415	26647875	3.124.450	3.439.990	3.252.475
6	-1.606.907	1.849.237	34187293	3.146.263	3.522.484	3.298.908
7	-1.591.916	2.034.577	42715586	3.164.135	3.601.037	3.341.400
8	-1.575.091	2.133.185	52484131	3.178.733	3.676.315	3.380.618

* indicates lag order selected by the criterion

p

the correlation is stronger. The smaller the values, the stronger the correlations and vice versa.

For model 3.10, according to the table, the optimal lag is selected at the first lag because the statistical criterions indicate such the lag. The table clearly displays that all the statistical tools recommend the first lag as the optimal one, they are HQ, SC, AIC, FPE and LR[29]. Therefore, the granger causality test examines the correlation between the variables at the first lag.

Table: 4.29.

Granger Causality Test for Model 3.10

No	Null Hypothesis	F-Statisctic	P-Value
1	PSRPLS does not Granger Cause MUDHFIN	0.37372	0.5422
2	IMMR does not Granger Cause MUDHFIN	0.56252	0.4548
3	CPI does not Granger Cause MUDHFIN	0.00005	0.9943
4	IPI does not Granger Cause MUDHFIN	0.34020	0.5608
5	CBR_WC does not Granger Cause MUDHFIN	0.00115	0.973

Based on the above table, there are no independent variables that have significant correlations with the financing of mudharabah (MudhFin), which includes the profit sharing rate itself. The P-Value displays 0.54, meaning that the error level is 54 percent whereas the allowable limit in this research is 10 percent ($\alpha = 0.1$). Hence, PSR_{fin} is considered no significance with the Mudharabah Financing, or such the profit sharing rate does not influence the level of mudharabah financing in the Islamic banks in Indonesia.

[29] By theory, there are several statistical criterions could be used to determine an optimal lag for the granger causality test. However, the econometric software of Eviews operates only such the five criterions, viz. HQ, SC, AIC, FPE and LR.

Moreover, the variables of interest rate represented by IMMR and CBR have not correlation with the financing. The P-Values of IMMR and CBR are 0.4548 and 0.973 respectively, revealing insignificant correlations between them, which in turn declares that such the type of financing is free from the influence of interest rates, either IMMR or CBR. The other economic variables, such as inflation and economic growth, symbolized by Consumer Price Index (CPI) and Industrial Production Index (IPI) respectively, have no effects to the existence of the mudharabah financing as well.

The second form of financing under Islamic banking system is musyarakah. As explained before, musyarakah and mudharabah belong to the PLS-based financing. The model that analyzes the financing is model 3.11 (look at the chapter III). With regard to the optimal lag before testing the granger causality, the table below shows that the lag is at the first one. All five statistical criterions, similar to the previous model, direct on the first lag as the optimal one.

Table: 4.30.

VAR Lag Order Selection Criteria for Model 3.11

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-2344.543	NA	1.15E+12	41.95612	42.07748	42.00536
1	-1757.087	1111.969*	49793736*	31.91227*	32.64044*	32.20771*
2	-1739.704	31.35252	57200336	32.04828	33.38326	32.58992
3	-1728.08	19.92704	73118224	32.28713	34.22892	33.07498
4	-1711.881	26.32317	86647640	32.4443	34.99289	33.47834
5	-1690.163	33.35145	93796365	32.50292	35.65832	33.78316
6	-1677.503	18.31301	1.21E+08	32.72326	36.48547	34.24971
7	-1656.692	28.24263	1.36E+08	32.79808	37.16709	34.57072
8	-1639.96	21.21441	1.67E+08	32.94571	37.92153	34.96456

* indicates lag order selected by the criterion

The table below is the result of granger causality test done at the lag one. The result reveals that neither variable, except IMMR, has significant relationships to the musyarakah financing. The P-Value of the correlation between IMMR and MusyFin is 0.0875, meaning that the interest rate impacts on the level of financing. In the other word, financing provided by the Islamic banks in the form of musyarakah is swayed the rate of IMMR.

It is interesting, what revealed by the table, that the profit sharing rate of the musyarakah financing is insignificant correlation with the financing. The rate does not have an effect to the level of financing undertaken by the Islamic banks. The banks, with respect to the musyarakah financing to which actually regarded as the essential type of financing under the Islamic banking system, are influenced by the interest rate instead. In addition, the insignificance also prevails in CPI and IPI as disclosed by the result.

Table: 4.31.

Granger Causality Test for Model 3.11

No	Null Hypothesis	F-Statisctic	P-Value
1	PSRPLS does not Granger Cause MUSYFIN	0.04722	0.8284
2	IMMR does not Granger Cause MUSYFIN	2.96958	0.0875
3	CPI does not Granger Cause MUSYFIN	0.00844	0.927
4	IPI does not Granger Cause MUSYFIN	0.07811	0.7804
5	CBR_I does not Granger Cause MUSYFIN	2.72697	0.1026

The third kind of financing is murabahah. The financing is excluded from the PLS-based ones since it does not apply the profit-loss sharing system. Instead of the profit-loss sharing, the murabahah employs financing the mark-up system. Concerning the lag, the author chooses the first lag as the optimal one[30]. Two of the five statistic creations signify the lag, SC and HQ. The table 4.32 below displays the results of the criterions.

Table: 4.32.

VAR Lag Order Selection Criteria for Model 3.12

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-2344.543	NA	1.15E+12	41.95612	42.07748	42.00536
1	-1757.087	1111.969*	49793736*	31.91227*	32.64044*	32.20771*
2	-1739.704	31.35252	57200336	32.04828	33.38326	32.58992
3	-1728.08	19.92704	73118224	32.28713	34.22892	33.07498
4	-1711.881	26.32317	86647640	32.4443	34.99289	33.47834
5	-1690.163	33.35145	93796365	32.50292	35.65832	33.78316
6	-1677.503	18.31301	1.21E+08	32.72326	36.48547	34.24971
7	-1656.692	28.24263	1.36E+08	32.79808	37.16709	34.57072
8	-1639.96	21.21441	1.67E+08	32.94571	37.92153	34.96456

* indicates lag order selected by the criterion

The granger causality test result reveals that the number of murabahah financing correlates significantly to the interest rates. The financing has a relationship with the interest rates. The fact could be seen in the P-Values of the correlation presented in the table, where they indicate the significance

[30] Actually, the fifth lag is reasonable statistically to be chosen as the optimal lag because two of the five criterions indicate the lag, but the author prefers the first lag.

among them. Moreover, the values are under 0.01, which means that the correlation between them is strongly significant.

Table: 4.33.

Granger Causality Test for Model 3.12

No	Null Hypothesis	F-Statisctic	P-Value
1	PSRMURA does not Granger Cause MURAFIN	0.23210	0.6309
2	IMMR does not Granger Cause MURAFIN	27.46510	7.00E-07
3	CPI does not Granger Cause MURAFIN	2.55174	0.1129
4	IPI does not Granger Cause MURAFIN	0.05166	0.8206
5	CBR_C does not Granger Cause MURAFIN	7.72169	0.0068

The table above discloses that the both sorts of interest rate are significant with the murabahah financing. Such the fact means that the interest rates affect on the performance of financing. In the other word, the interest rates determine the murabahah financing level of the Islamic banks, either by the IMMR or the CBR_c[31]. Concisely, the interest rate, regarded as the conventional banking component, is considered as the important determinant influencing on the number of financing.

The next model is model 3.13, which scrutinizes on the total financing based upon the PLS system. This type of

[31] The reason to include the interest rate of CBR_c in the model for being analyzed to examine the relationship with the murabahah financing, is because the financing is likely similar to the credit for consumption in conventional banks. The interest rate for such type of credit is CBR_c. Therefore, this aims at finding whether the interest rate influences the financing or not.

financing is the accumulation of two other financings, mudharabah and musyarakah. The both financing, as explained, are categorized the PLS-based financing. In this model, the granger causality test is undertaken at the first lag because all the statistical criterions point out the lag as the optimal one. See the following table.

Table: 4.34.

VAR Lag Order Selection Criteria for Model 3.13

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-2363.627	NA	1.61E+12	42.29691	42.41827	42.34615
1	-1749.577	1162.310*	43543907*	31.77815*	32.50632*	32.07359*
2	-1731.99	31.71839	49839999	31.91054	33.24551	32.45218
3	-1718.582	22.98477	61712365	32.11754	34.05933	32.90539
4	-1700.553	29.29717	70779904	32.24202	34.79062	33.27607
5	-1678.864	33.30797	76658229	32.30115	35.45655	33.5814
6	-1665.339	19.56292	97055678	32.50606	36.26827	34.03251
7	-1639.154	35.53777	99295463	32.48489	36.8539	34.25754
8	-1623.088	20.36877	1.24E+08	32.64443	37.62026	34.66328

* indicates lag order selected by the criterion

As to the correlation, the result of the test unveils the same fact with the previous financing. The table shows a significant correlation with the interest rate as well. P-Values of the correlation with IMMR and CBR_{wc} are 0.069 and 0.0901, meaning the both numerals are within the accepted limit for significance. It is interesting to be noted that the profit sharing rate of the PLS financing has not correlation significantly with the financing itself. The financing correlates with the interest rate instead, whereas the interest rate is the element of conventional banks. For detail, see the table below.

Table: 4.35.

Granger Causality Test for Model 3.13

No	Null Hypothesis	F-Statisctic	P-Value
1	PSRPLS does not Granger Cause PLSFIN	0.10536	0.7461
2	IMMR does not Granger Cause PLSFIN	3.35344	6.96E-02
3	CPI does not Granger Cause PLSFIN	0.15422	0.6953
4	IPI does not Granger Cause PLSFIN	0.00080	0.9775
5	CBR_WC does not Granger Cause PLSFIN	2.94351	0.0901

The last model discussed regarding the financing of the Islamic banks is the total financing (IBFinToT). The optimal lag selected is the first lag since four of five statistical criterions specify the lag as the optimal one. Such the four are HQ, SC, AIC and FPE.

Table: 4.36.

VAR Lag Order Selection Criteria for Model 3.14

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-3555.672	NA	1.69E+20	63.60129	63.74693	63.66038
1	-2846.162	1330.332	1.01e+15*	51.57432*	52.59376*	51.98794*
2	-2821.621	43.38477	1.25E+15	51.77895	53.67219	52.54709
3	-2799.14	37.33473	1.61E+15	52.02036	54.7874	53.14303
4	-2757.172	65.19937	1.48E+15	51.91379	55.55464	53.391
5	-2707.681	71.58648*	1.22E+15	51.67287	56.18752	53.5046
6	-2677.524	40.38777	1.44E+15	51.77722	57.16567	53.96349
7	-2641.379	44.53589	1.58E+15	51.77463	58.03689	54.31543
8	-2602.828	43.3697	1.72E+15	51.72908	58.86514	54.62441

* indicates lag order selected by the criterion

Based upon the granger causality test below, there are four independent variables that have a significant correlation with the financing. They are the deposits, PRS_{fin}, IMMR and CBR_{WC}. The number of financing in the Islamic banks is determined by the number of deposits. The both variables correlate positively, meaning the more the deposit in Islamic banks, the more financing done by the banks.

Table: 4.37.

Granger Causality Test for Model 3.14

No	Null Hypothesis	F-Statisctic	P-Value
1	IBDEPTOT does not Granger Cause IBFINTOT	4.20321	0.0426
2	PSRFIN does not Granger Cause IBFINTOT	0.17237	6.79E-01
3	IMMR does not Granger Cause IBFINTOT	7.70119	0.0064
4	CPI does not Granger Cause IBFINTOT	0.00076	0.978
5	IPI does not Granger Cause IBFINTOT	0.20678	0.6502
6	CBR_WC does not Granger Cause IBFINTOT	9.10262	0.0034

Besides, as disclosed by the table, the profit sharing rate (PSR_{fin}) has relationship significantly with the total financing. However, they correlate negatively.[32] This means that the financing will reduce if the rate of PSR increases and vice versa. Hence, it is recommended that the Islamic banks have to make the profit sharing rate as low as possible in order to increase the financing level.

In addition, it is extremely important to examine the relationship between PSRs of the financing and interest rates of conventional banks. The granger causality test result reveals

[32] The data displayed by the Pearson Correlation test is also consistent with the granger causality result. See table 7.3 in the appendix.

the fact that nearly all types of the financings' PSR correlate significantly with the interest rates, either IMMR or CBR. For instance, the variables of PSRFin and IMMR, the both variables correlate significantly, which means that the rate of PSR is influenced by the interest rate.

The PSR of murabahah financing shows the same fact as well. The P-Value of the correlation, as displayed by the table, is 0.0479, meaning that the relationship between them is significant. The interest rate of IMMR influences the financing level of murabahah. Moreover, the other specific interest rates correlate significantly with the PSR_{mura}, they are $CBR_{wc,}$ CBR_{i} and $CBC_{c.}$

Table: 4.38.

Granger Causality Test between PSRs and Interest Rates

No	Null Hypothesis	F-Statisctic	P-Value
1	IMMR does not Granger Cause PSRFIN	4.17927	0.0442
2	IMMR does not Granger Cause PSRMURA	4.03782	0.0479
3	CBR_WC does not Granger Cause PSRFIN	5.04222	0.0275
4	CBR_WC does not Granger Cause PSRMURA	3.981	0.0494
5	CBR_WC does not Granger Cause PSRMUSY	7.04394	0.0096
6	CBR_I does not Granger Cause PSRFIN	5.33365	0.0235
7	CBR_I does not Granger Cause PSRMURA	3.70665	0.0577
8	CBR_I does not Granger Cause PSRMUSY	7.59501	0.0072
9	CBR_C does not Granger Cause PSRMURA	2.73203	0.1023

In conclusion, the existence of the Islamic banks' financing is determined by interest rates of conventional banks. This implies that the Islamic banks' financing depend on the conventional banking rates. However, the rates do not influence the financing directly because that there are no interest rates in the Islamic banks' operation. The interest rates sway the number of financing through the profit sharing rates of Islamic banks instead.

4.4.3. Impulse Response Function (IRF)

There are five endogenous variables examined in this section of IRF. As described, the IRF, which is regarded as the important component in the VAR method, aims at revealing the responses of endogeunos variables to the selected exogenous variables in the models. The variables to which displayed their responses are Mudharabah Financing (MudhFin), Musyarakah Financing (MusyFin), Murabahah Financing (MuraFin), PLS-based Financing (PLSFin) and Total financing (IBFinTot)[33].

The first figure displayed regarding the model 3.10 is the response between the mudharabah financing and the interest rate of IMMR. Eventhough the granger test indicates insignificant correlation[34], the variable of MudhFin responds negatively to the rate of IMMR. The means that when the rate improves, the level of mudharabah financing goes down.

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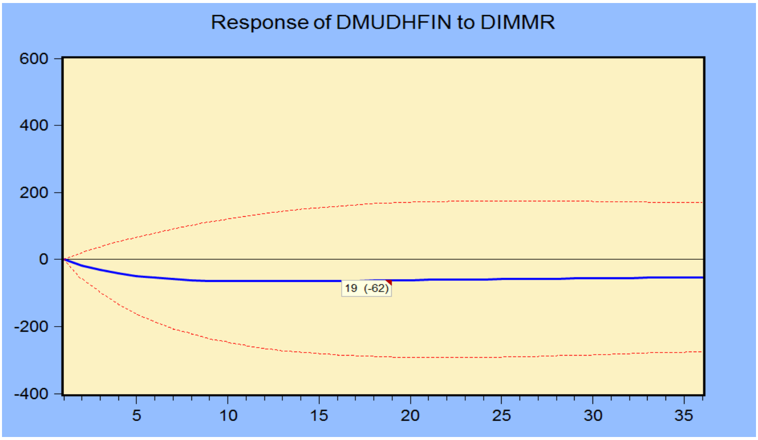
[33] Basically, there are three types of financing currently applied by the Islamic banks in Indonesia; they are mudharabah, musyarakah and murabahah financings. The both former financings are categorized as the PLS-based financing. Nevertheless, there are five models or variables investigated, which includes the other two types of financing, viz. the PLS-based Financing (PLS_{fin}) and the total financing (IBFinTot).

[34] It is different with the result of the Pearson Correlation Test, in which it shows the both variables correlate significantly. Moreover, the level of significance of the correlation is 99 percent ($\alpha = 0.01$). See the result in the appendix.

Figure : 4.27.

Response of MudhFin to IMMR



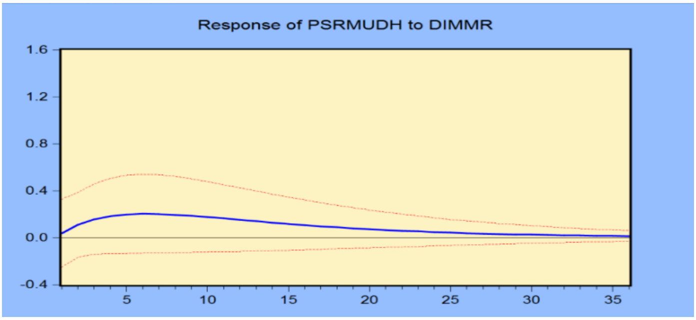
In addition, the figure above shows an interesting fact regarding the relationship between the mudharabah financing and the interest rate. Starting from the beginning period, the mudharabah financing responds negatively to the increase of IMMR. The number of the financing in mudharabah reduces as the rate of IMMR climbs. Such the fact is likely the same as the relationship between the interest rate and the credit level in conventional banks.

The author argues that the phenomenon is not because of a direct correlation between the financing and the rate of IMMR, but because of the strong relationship between the profit sharing rate of mudharabah financing (PSR_{mudh}) and IMMR itself. It means that the variable influencing the level of mudharabah financing is not the rate of IMMR but the profit sharing rate of mudharabah financing itself. This is because that the PSR_{mudh} is influenced by the IMMR, therefore the rate of IMMR sways indirectly to the mudharabah financing level.

The following figure is to display the PSR's response to IMMR.

Figure : 4.28.

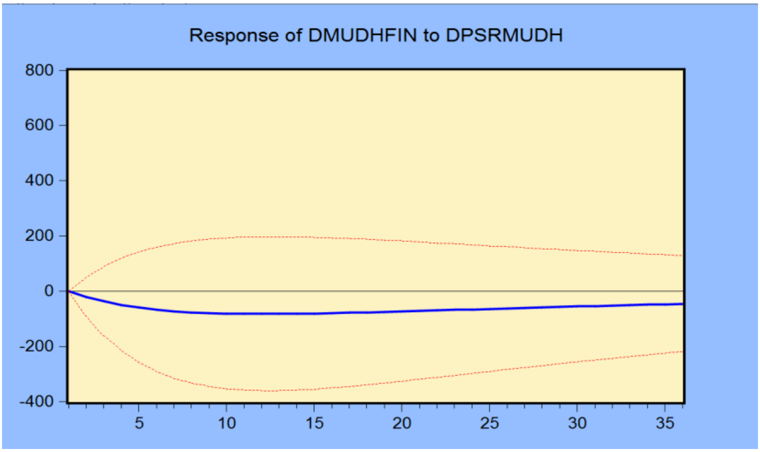
Response of PSR_{mudh} to IMMR



The figure above clearly shows the strong response of the Islamic banks' profit sharing rate of mudharabah financing (PSR_{mudh}) to the interest rate of IMMR. Moreover, the most crucial information to be known, as disclosed by the figure, is that the PSR of the financing is influenced by the conventional interest rate. As the rate of IMMR increases, the rate of PSR_{mudh} increases. Accordingly, the number of financing reduces because the rate of PSR_{mudh} is a negative correlation with MudhFin. The figure 4.29 proves the above explaination is reasonable.

Figure : 4.29.

Response of MudhFin to PSR_{mudh}



The variable of MudhFin, as shown by the figure, responds negatively to the variable of PSR_{mudh}, meaning when the rate improves the number of financing goes down.[35] It is reasonable that the mudharabah financing correlates negatively with its PSR, since it is known that the PSR could be regarded as the cost of capital. Hence, when the PSR increases, which means that the cost of capital improves, the investors (the financiers) reduce their wish to invest. As a result, the number of financing decreases.

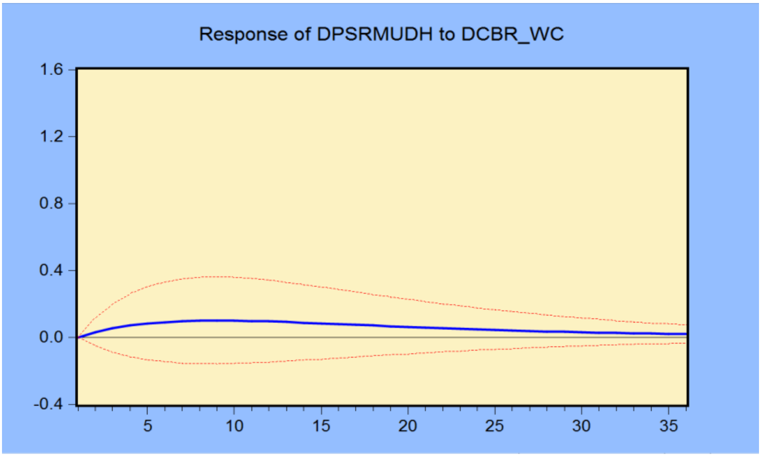
It is in line with the figure 4.29 above, displaying the response of the PSR rate of mudharabah financing to IMMR, the PSR_{mudh} also responds positively to the interest rate of

[35] In spite of not fully true, the correlation between profit sharing rate and financing in Islamic banks is the same as the correlation between interest rate and credit in conventional banks. As interest rate climbs, meaning the cost of capital increases, thus, the demand for credit will reduces. This is one of the theories of interest rate.

working capital (CBR_{wc}). It is known that the nature of mudharabah financing is nearly the same with working capital in conventional banks[36]. Look at the figures of IRF below.

Figure : 4.30.

Response of $PSR_{mudhfin}$ to CBR_{wc}



As demonstrated by the table above, the mudharabah financing responds positively to the CBR_{wc}. Such the response starts at the beginning of periods and remains along the period line, which is over 35 periods. This fact denotes that the interest rate of CBR_{wc} impacts on the profit sharing rate of the mudharabah financing.

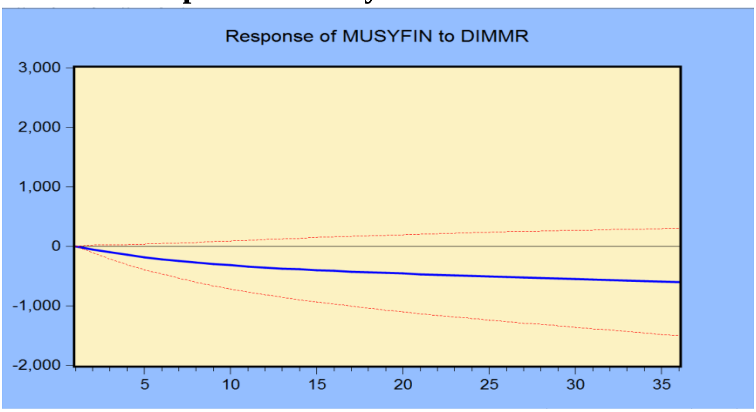
The second type of financing, which is also considered as the PLS-based financing, is the musyarakah financing. It is similar to the previous financing, the mudharabah, the

[36] It is the reason that the author examines the correlation between the profit sharing rate in the mudharabah financing with the interest rates for working capital in conventional banks.

musyarakah financing responds negatively to the interest rate of IMMR. The table of the granger test result is consistent with the figure describing the response of the financing to the rate. The test result shows that the musyarakah financing has a significant relationship with the rate, which is in line with the Pearson Correlation result.

The Pearson Correlation test[37] confirms that the musyarakah financing has the relationship with the interest rate of IMMR significantly and its direction is negative. The fact symbolizes that the financing is influenced by such the rate, which means that the number of financing will reduces when the rate improves.

Figure : 4.31.
Response of MusyFin to IMMR



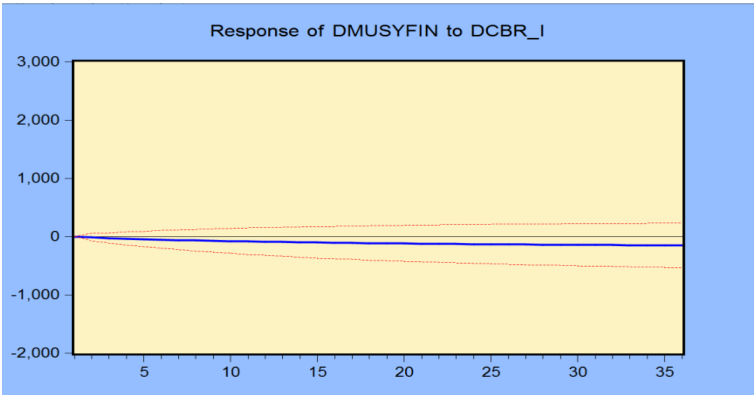
Moreover, not only is the rate of IMMR but also CBR_i is the important determinant of the Islamic banks' musyarakah

[37] See the result of Pearson Correlation test in the appendix of the research

financing. Likewise, the interest rate for investment has the significant effect on the number of musyarakah financing.

Figure : 4.32.

Response of MusyFin to CBR$_i$



The negative response of the musyarakah financing to its profit sharing rate is the same as what has happened in the case of the mudharabah financing. It is reasonable if the financing level goes down when the profit sharing rate increases, since the rate is akin to the cost of capital. The investor will increase the demand for financing in Islamic banks as the profit sharing rate is low and vice versa, the will diminish financing wishes as the rate goes up [38].

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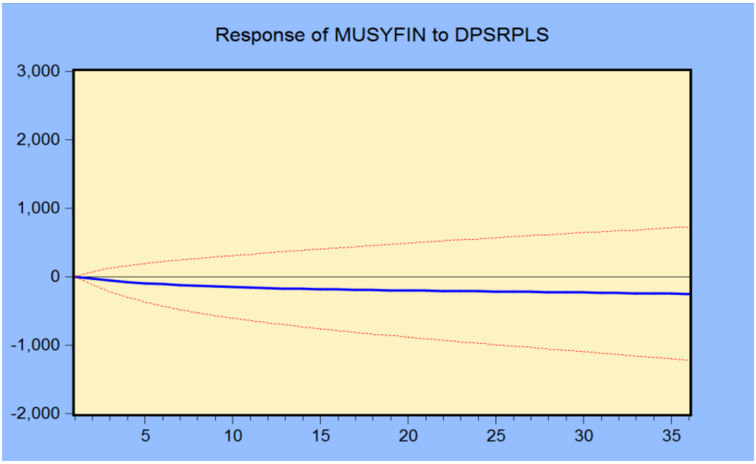
[38] The author views that the characteristics of musyarakah financing in terms of its profit sharing rate is the same as the relationship between investment levels and the rates of interest for credit. As known, when the conventional banks increase interest rates of credit, the level of investment will decrease automatically.

Figure : 4.33.

Response of MusyFin to PSR_{PLS}

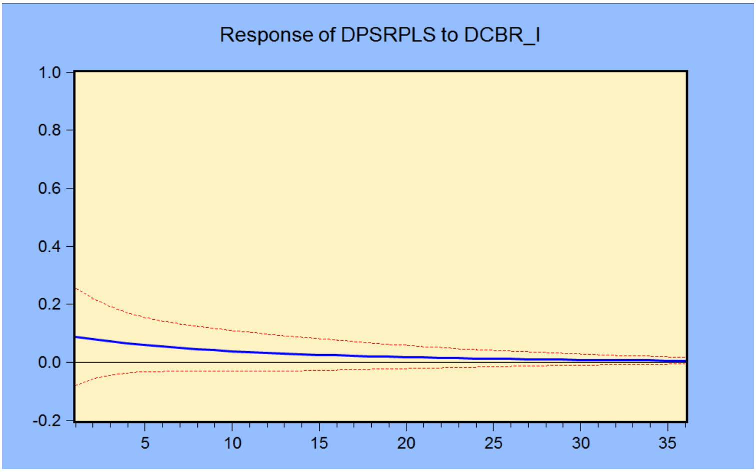


The author argues the reason why the musyarakah financing responds negatively to the interest rate is not owing to the rate merely. Such the negative response is caused by the profit sharing rate itself instead. It denotes that the variable affecting a decrease in the financing level is the PSR, whereas the PSR is influenced by the IMMR. Therefore, the IMMR impacts indirectly on the financing level.

The fact above is evidenced by the following figure displaying on the response of PSR_{PLS} to CBR_I. The profit sharing rate responds positively to the rate of CBR, meaning that when the interest rate rises, the profit sharing rate rises automatically. Look at the figure 4.34 below.

Figure : 4.34.

Response of PSR_{PLS} to CBR_i



The third type of financing examined in this research in the murabahah. The financing is categorized as the mark up-based one. As displayed in the granger causality test, the murabahah financing correlates significantly with the interest rate of IMMR[39]. This means that the rate influences significantly the number of murabahah financing. However, the direction of correlation between them is negative, which denotes that as the interest rate rises, the level of murabahah financing falls, and vice versa.

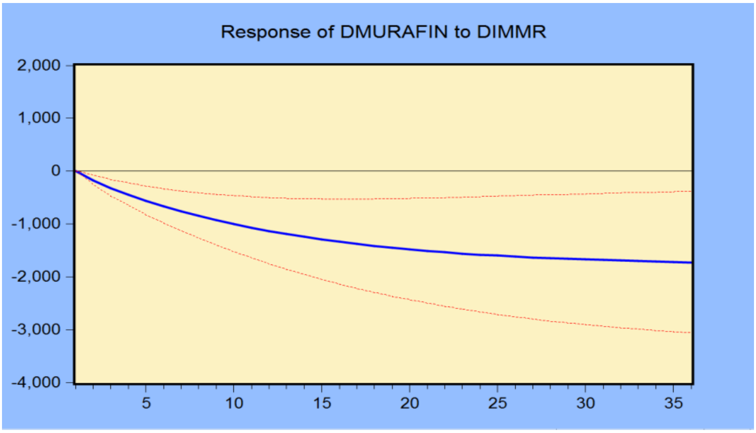
Such the relationship between them could be seen in the following figure. The response of murabahah financing, as shown by the figure, is negative to the rate of IMMR. The

---

[39] The significant relationship is also disclosed by the Pearson Correlation test. The test, see the appendix, shows that the significance level of the correlation is at 99 percent and the coefficient is 0.54 (54 percent).

negative response sets off from the first period and continues along the line of periods. The figure also discloses at the shock given by the murabahah financing to the IMMR is bigger than that of the both previous financings, namely the mudharabah and musyarakah.

Figure : 4.35.
Response of MuraFin to IMMR

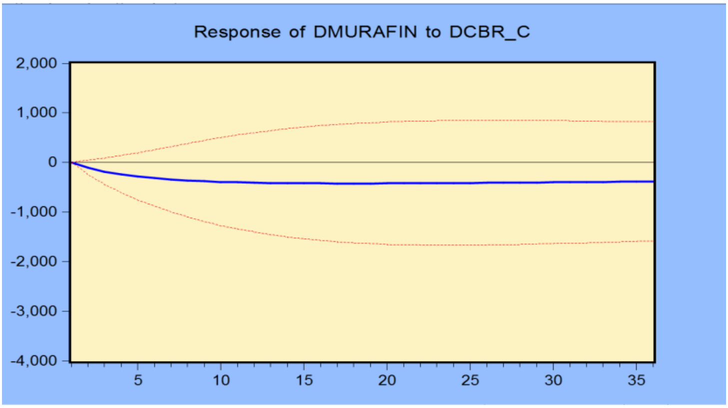


The author views that the reason to answer such the surprising fact is the same with what explained before. This means that the main factor inducing the decreased murabahah financing does not lie in the interest rate but in the profit sharing rate of murabahah financing instead. This is because that the PSR of murabahah financing follows such the rate of IMMR. Therefore, when the rate of IMMR increases, the PSR is also high, and the number of financing will reduces.

The following figure is in line with the preceding one. It also shows the negative response of the murabahah financing to the interest rate for consumption. Usually, the Islamic banks allocate the financing only for consumption-based activities.

Figure : 4.36.

Response of MuraFin to CBR_c

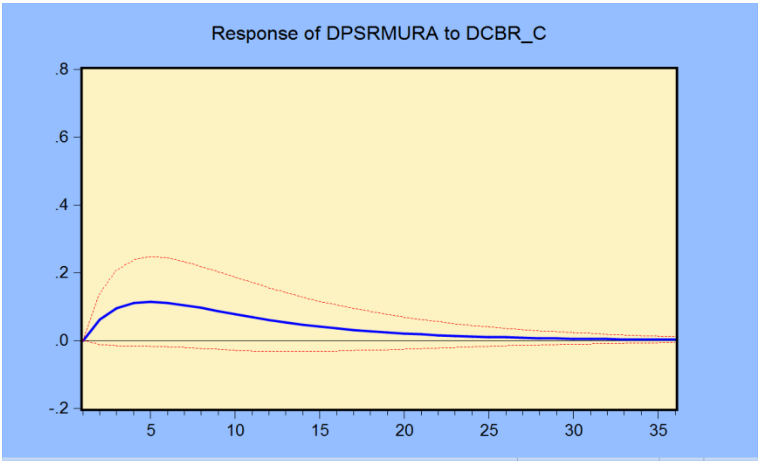


As elucidated, the core cause of the negative correlation between the murabahah financing level and the rate of IMMR is due to the PSR. The figure below is the one that evidence the truth of such the view. The quick response of PSR_{mura} to CBR_c denotes that the interest has an effect to the performance of the murabahah financing. The financing level depends upon the PSR_{mura} and the PSR_{mura} itself is swayed by the interest rate. Hence, the interest rate indirectly influences the number of murabahah financing[40]. For detail, see the figure below.

[40] It is akin to the PSR of mudharabah and musyarakah financings, the PSR_{mura} responds positively to the interest rate, which means when the interest rate improves; the PSR is also to improve. Thus, when the PSR rises, the number of financing will reduces because the PSR is the same as the interest of conventional banks, in which it is considered as the cost of capital. The higher the interest rate, the higher the profit sharing rate and the lower the murabahah financing level.

Figure : 4.37.

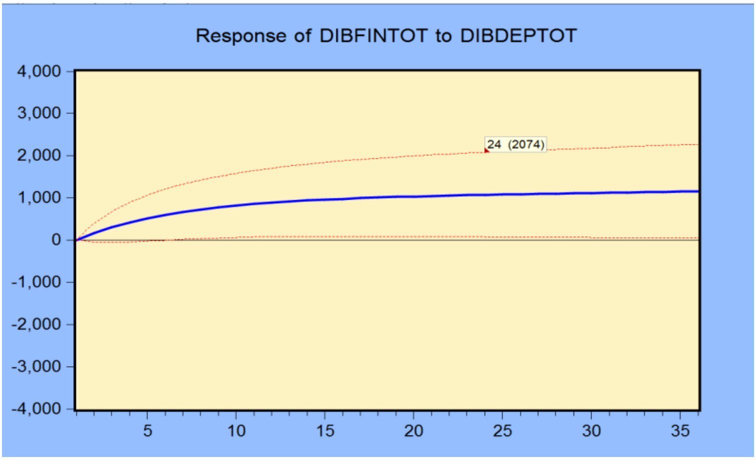
Response of PSR_{mura} to CBR_c



The last exploration is the total financing in the Islamic banks. The first variable that correlates with the total financing is the deposit. The granger causality test reveals that the both variables have a very significant relationship. The Pearson Correlation test shows the same result as well. It is consistent with some other researches finding that the important determinant of financing is the deposit. The financing of Islamic banks, as indicated by the figure below, responds positively to the number of deposit. The more the number of deposit, the more the number of financing.

Figure : 4.38.

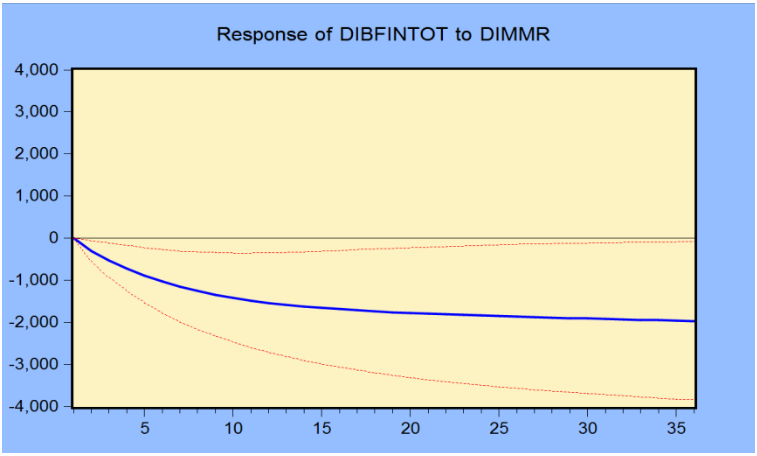
Response of IBFINTOT to IBDEPTOT



Nevertheless, the financing of Islamic banks correlates negatively and significantly with the interest rate of IMMR. The figure exhibits a negative shock or response to the rate. Moreover, it also denotes that the rate directly or indirectly has a very significant effect on the financing in the Islamic banks in Indonesia. The number of financing will decrease as the interest rate rises. It is line with data presented in the granger causality test. The P-value of the correlation is 0.0064, signifying that the both variables have a significant correlation.

Figure : 4.39.

Response of IBFINTOT to IMMR

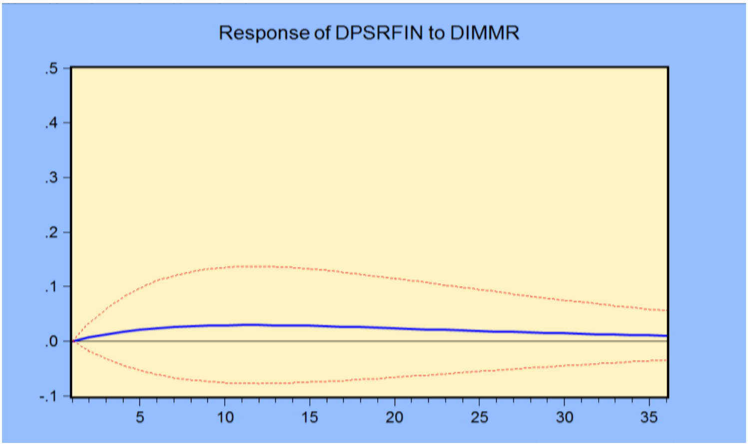


The author claims such the fact is because the Islamic banks follow the interest rate of IMMR in determining their profit sharing rate.[41] The profit sharing rate in financing responds positively to the rate of IMMR, meaning the PSR of financing is influenced the conventional interest rate. The figure below illustrates the positive response of PSR_{fin} to the interest rate, starting from the first period and endures along the period line.

[41] The author would view that the Islamic banks should not consider the interest rate in determining the profit sharing rate, notwithstanding as the benchmark. It is appropriate, according to the author, the Islamic banks consider to economic variables, such the inflation rate, economic growth and others. However, the data shows that the both variables have no effects to the performance of financing in the Indonesian Islamic banks.

Figure : 4.40.

Response of PSR_{fin} to IMMR



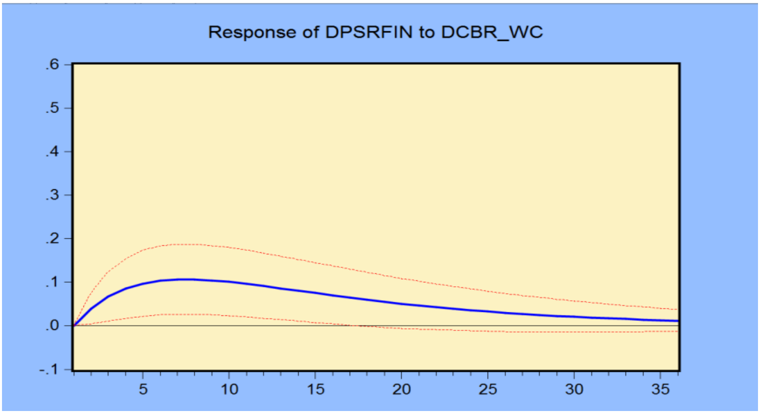
Not only does to the interest rate of IMMR, but also the PSR_{fin} responds positively to the interest rate of CBR_{wc}[42]. Moreover, the response of the PSR_{fin} to the rate is stronger and quicklier than what done to the IMMR[43]. The both figures reveal that the interest rates, either IMMR or CBR_{wc}, impact on the number of financing in total. In the other word, the existence of such the interest rates determines the performance of financing in the Islamic banks in Indonesia.

[42] It is known that the CBR_{wc} is a type of interest rate for the working capital-credits in the conventional banking system. There are several kinds of interest rate for credits operated by the Indonesian banking industry, such as the interest rate for investment, consumption and working capital.

[43] See the figure 4.40.

Figure : 4.41.

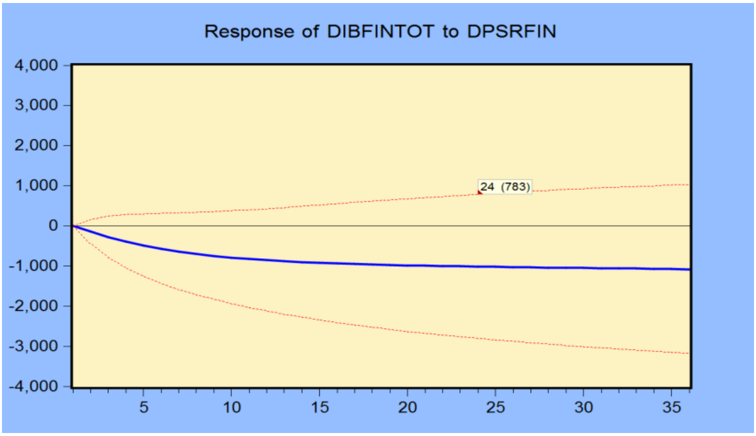
Response of PSR_{fin} to CBR_{wc}



As described previously, the profit sharing rates in Islamic bank are the same as interest rates in conventional banks, in which the rates are also regarded as the cost of capital for financing. The rates play the same roles as interest rates of conventional banks as well. Consequently, when the profit sharing rates grow up, the financing levels go down automatically. The following figure proves the truth of such the fact. The figure shows that the number of financing responds negatively to the $PSR_{fin.}$ Thanks to the negative response, when the PSR_{fin} improves because of the increased IMMR or CBR, the number of financing will diminishes.

Figure : 4.42.

Response of IBFINTOT to PSR$_{fin}$



In general, based upon the data presented in the previous tables and figures, the financing of the Islamic banks in Indonesia is influenced by the interest rates, either IMMR or CBR. All types of financing is negative correlation with the interest rate, where when the rates are high the number of financing jumps down. Such the fact prevails in the three types of financing, mudharabah, musyarakah and murabahah[44].

Besides, such the interest rates do not sway the number of financing directly, but through profit sharing rates of the

[44] Kader and Leong (2009:189) also find, through their research, the correlation between interest rate and the volume of financing of the Malaysian Islamic banks. By using the VAR method, the research concludes that any increase in the base lending rate would influence customers to ask for financing from Islamic banks and vice versa.

financing. This is because that the Islamic banks follow the fluctuation of the interest rates. Moreover, the PSR responds positively to the rates. Hence, as the interest rates rise, the PSR also improves for responding the rates, which induces the increase of capital due to the high PSR. The number of financing reduces accordingly.

CHAPTER V
CONCLUSIONAND RECOMMENDATION

5.1. Conclusions

As expressed earlier, the central focus of the research is to look over the performance of Islamic banks in Indonesia particularly regarding the existence of interest rates towards the banks. The research aims to specifically examine the effects of the rates upon the existence of the Islamic banks, such as their profitability, deposit, financing and profit sharing rates. Furthermore, one of the most important goals of the research is to find out the shariah level of the banks' operation, which means to what extend the Islamic banks in Indonesia comply with the Islamic banking principles.

According to the shariah level, which is the first of the four questions, the research concludes that the shariah level of the Islamic banks is only 63 percent approximately, indicating that the banks conform with the principles of Islamic banking system less than two-third. Such the level is measured by the Index of Shariah Compliance (ISC). The Index is to compute two instruments or variables considered as the most fundamental characteristics of an Islamic bank, viz. the PLS-based financing structure ($IPLS_{bfs}$) and the free-dependence from the influence of interest rate (IITD). Such the both instruments are also known as the trade-mark of Islamic banking.

The instruments are scored 40 and 60 respectively according to the importance of them within the existence of

Islamic banking. The $IPLS_{bfs}$ quantifies the ratio of PLS-based financing to the financing total and the IITD is the index to compute the dependence of Islamic banks to interest rates. The result indicates that only a small portion of financing in the Islamic banks is allocated in the form of PLS system, which is about 33 percent, whereas the form of financing is the most primary one under the Islamic banking system.

The second result is concerning the profitability. The finding indicates that the profitability of Islamic banks, represented by ROA, has a significant correlation with the deposit and financing. However, profit sharing rates, for either deposit or financing have insignificant correlation with the ratio of ROA. As to the interest rate, although there is statistically insignificant correlation between ROA and the rate, the ROA responds negatively to the interest rate of IMMR. This means that when the rate of IMMR increases, the ROA decreases and vice versa.

The result is in line with the phenomenon happening in the deposits, where when the IMMR increases; the deposit of Islamic banks reduces due to a flight-deposit from Islamic banks to conventional banks. Therefore, the ROA responds negatively to the interest rate because of a shock in the deposit level, in which the deposit is the important determinant for the profitability. The two other macroeconomic variables, such as inflation and economic growth represented by CPI and IPI, are similar to the interest rate, where they have no effects to the profitability.

The third exploration is regarding the deposits. The deposit level of Islamic banks in Indonesia rises significantly year by year. The operation of deposits in Islamic banks, such as their forms or the number of kind and others, are the same as conventional ones. The amount of deposits in total is significantly correlated with the interest rate of IMMR. The interest rate has a negative relationship with the total of deposit, meaning when the rate is high the level of deposit goes down. The higher the interest rate, the lower the level of deposit.

Such the result also happens in other types of deposit except wadiah saving. The mudharabah deposit as well as the mudharabah saving correlate negatively with the rate of interest. The unexpected correlation is due to the profit motive-induced costumer behaviours. As the interest rate climbs, the depostiors remove their money from Islamic banks to conventional ones; therefore a flight deposit takes place owing to getting more profit in the conventional banks. This result is similar to the fact happening in the Malaysian Islamic banking industry.

Moreover, the influence of interest rate also prevails in the rates of profit sharing in the Islamic banks with a positive correlation. The profit sharing rates set by the Indonesian Islamic banks has positively relationship with the conventional banking rates, either IMMR or CBRs. This result in some way indicates that the Islamic's rate follows the conventional of interest rates, or in the other word, the Islamic banks in making their profit sharing rates are not free from the existence or the influence of interest rates.

The fourth is with respect to the financing of Islamic banks. Akin to the deposit, the interest rates, either IMMR or

CBRs have strong correlation with the amount of financing in the Islamic banks in Indonesia. All types of financing except the mudharabah are influenced negatively by the interest rates. This means that as the rates increase, the number of financing diminishes accordingly. In the other word, the financing of the Islamic banks responds negatively to the interest rates of conventional banks.

Such the interesting fact is caused by the behaviour of the Islamic banks themselves particularly in the face of an increased interest rate. Obviously, the Islamic banks responds significantly to the fluctuation of interest rate in the financial market, which means while the interest rate in the money market rises, the banks also increase their profit sharing rates. Consequently, the number of financing will reduce due to the high profit sharing rates of the Islamic banks.

Concerning the macroeconomic variables, CPI and IPI, either deposit or financing has no correlation with them. The finding obliquely reveals that the conditions of economy, such as inflation or economic growth, does not effect on the people to place their money in Islamic banks. The conditions have no impact on the financing of the banks as well.

In addition to the results illustrated, the most important finding is that there is a strong correlation between Profit Sharing Rates (PSR) and Interest Rates. The research result finds that nearly all types of profit sharing rates made by the Indonesian Islamic banks have significantly correlation with the interest rates of the conventional banks. This indirectly discloses that the PSR, which is actually free from the influence of conventional banks’ terms, relies on the interest rates.

5.2. Recommendations

It is widely known that the very fundamental motive in establishing Islamic banks in the world is to avoid the Muslim people from the ribawi-induced financial activities. Specifically, the establishment of the banks aims at evading the people from involvements with conventional banks that utilize interest rates, while the rates are prohibited under the Islamic economic system. The prohibition of interest rate is basically due to the same with or regarded as riba and the riba itself is clearly banned by the Holy Quran and the hadith.

Hence, it is suggested that the authorities of Islamic banks in Indonesia, such as the managers, practitioners, or the likes, have to avoid the operation of the banks from the influences of interest rates directly or indirectly. They have to operate the banks to comply with the Islamic principles perfectly as underlined by the Holy Quran and the Hadith. This is the first recommendation.

The second recommendation is that the Islamic banks in determining their profit sharing rates must be free from the effect of interest rates. It is possibly acceptable that the Islamic banks consider the interest rate as the benchmark, but not to follow the rate fully and to avoid themselves from the influences of it. The Islamic banks should consider the price rate as the benchmark instead, in the murabahah financing in particular. The Islamic banks may not use the interest rate as the cornerstone for their profit sharing rates as well.

Besides, it is suggested that the Islamic banks have to priority in the PLS-based financings not the mark-up based ones. It is widely known that currently the financing of Islamic banks concentrates in the murabahah product whereas the product is based upon the mark-up system. Moreover, two-third of the financing total in the Islamic banks is in the product.

In addition, some argue that the current operation of the product is likely the same as the interest system of conventional banks[1]. Therefore, it is appropriate that the Islamic banks in Indonesia concentrate their financing in the PLS-based ones, because it is the fundamental financing under Islamic banking system. This is the third recommendation.

The fourth recommendation is regarding the Muslim people's behaviours. Currently, part of the Muslim people blames the operation of Islamic banks in terms of the similarities with conventional banks. They argue that the Islamic banks also apply the nature of interest rates but with differed names and they assume that the banks are swayed by the interest rate. The fact displays that the people are also influenced by interest rate instead. This reality is evidenced by a flight-deposit from Islamic banks to conventional banks when the interest rate is high.

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[1] Khan (2010:805) states that a preliminary investigation indicates that, three decades after its introduction, there remain substantial divergences between IBF's (Islamic Banking and Finance) ideals and its practices, and much of IBF still remains functionally indistinguishable from conventional banking.

Therefore, it is advised that the people must be free from the influence of interest rates in participating in the Islamic banks, either as the depositors, financiers or others. The people are suggested not to consider the rate of interest of conventional banks. They have to consider the profit sharing rates determined by Islamic banks instead.

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APPENDIXES

Table : 6.1.
ADF Unit Root Test of ROA

Series: ROA Workfile: PROFITABILITY OF ISLAMIC BANKS::Profit...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on ROA

Null Hypothesis: ROA has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-2.419543	0.1386
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(ROA)
Method: Least Squares
Date: 10/26/16 Time: 15:13
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROA(-1)	-0.111747	0.046185	-2.419543	0.0171
C	0.173270	0.078423	2.209430	0.0291

R-squared	0.047652	Mean dependent var	-0.007563
Adjusted R-squared	0.039512	S.D. dependent var	0.264415
S.E. of regression	0.259138	Akaike info criterion	0.153755
Sum squared resid	7.856869	Schwarz criterion	0.200463
Log likelihood	-7.148432	Hannan-Quinn criter.	0.172722
F-statistic	5.854186	Durbin-Watson stat	2.151171
Prob(F-statistic)	0.017080		

Table : 6.2.
ADF Unit Root Test of ROA

Series: ROA Workfile: PROFITABILITY OF ISLAMIC BANKS::Profi...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(ROA)

Null Hypothesis: D(ROA) has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-10.60536	0.0000
Test critical values:	1% level	-3.487046	
	5% level	-2.886290	
	10% level	-2.580046	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(ROA,2)
Method: Least Squares
Date: 10/26/16 Time: 14:28
Sample (adjusted): 2006M04 2015M12
Included observations: 117 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(ROA(-1))	-1.449712	0.136696	-10.60536	0.0000
D(ROA(-1),2)	0.264920	0.090285	2.934257	0.0040
C	-0.010476	0.023738	-0.441335	0.6598

R-squared	0.603151	Mean dependent var	0.000427
Adjusted R-squared	0.596188	S.D. dependent var	0.403684
S.E. of regression	0.256526	Akaike info criterion	0.142132
Sum squared resid	7.501832	Schwarz criterion	0.212957
Log likelihood	-5.314744	Hannan-Quinn criter.	0.170886
F-statistic	86.63136	Durbin-Watson stat	2.007705
Prob(F-statistic)	0.000000		

Table : 6.3.
PP Unit Root Test of ROA

Series: ROA Workfile: PROFITABILITY OF ISLAMIC BANKS::Profit...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on ROA

Null Hypothesis: ROA has a unit root
Exogenous: Constant
Bandwidth: 2 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-2.070323	0.2571
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.066024
HAC corrected variance (Bartlett kernel)	0.051855

Phillips-Perron Test Equation
Dependent Variable: D(ROA)
Method: Least Squares
Date: 10/26/16 Time: 14:29
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROA(-1)	-0.111747	0.046185	-2.419543	0.0171
C	0.173270	0.078423	2.209430	0.0291

R-squared	0.047652	Mean dependent var	-0.007563
Adjusted R-squared	0.039512	S.D. dependent var	0.264415
S.E. of regression	0.259138	Akaike info criterion	0.153755
Sum squared resid	7.856869	Schwarz criterion	0.200463
Log likelihood	-7.148432	Hannan-Quinn criter.	0.172722
F-statistic	5.854186	Durbin-Watson stat	2.151171
Prob(F-statistic)	0.017080		

Table : 6.4.
PP Unit Root Test of ROA

Series: ROA Workfile: PROFITABILITY OF ISLAMIC BANKS::Profit...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(ROA)

Null Hypothesis: D(ROA) has a unit root
Exogenous: Constant
Bandwidth: 15 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-14.54700	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.068418
HAC corrected variance (Bartlett kernel)	0.027987

Phillips-Perron Test Equation
Dependent Variable: D(ROA,2)
Method: Least Squares
Date: 10/26/16 Time: 14:30
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(ROA(-1))	-1.146216	0.091851	-12.47909	0.0000
C	-0.008790	0.024295	-0.361792	0.7182

R-squared	0.573102	Mean dependent var	-0.000339
Adjusted R-squared	0.569422	S.D. dependent var	0.402042
S.E. of regression	0.263813	Akaike info criterion	0.189655
Sum squared resid	8.073315	Schwarz criterion	0.236616
Log likelihood	-9.189639	Hannan-Quinn criter.	0.208722
F-statistic	155.7278	Durbin-Watson stat	2.076517
Prob(F-statistic)	0.000000		

Table : 6.5.
ADF Unit Root Test of IBDEPTOT

Series: IBDEPTOT Workfile: PROFITABILITY OF ISLAMIC BANKS...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on IBDEPTOT

Null Hypothesis: IBDEPTOT has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		3.185720	1.0000
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(IBDEPTOT)
Method: Least Squares
Date: 10/26/16 Time: 14:43
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IBDEPTOT(-1)	0.009573	0.003005	3.185720	0.0019
C	903.9784	354.3220	2.551290	0.0120

R-squared	0.079818	Mean dependent var	1815.462
Adjusted R-squared	0.071954	S.D. dependent var	2366.683
S.E. of regression	2279.948	Akaike info criterion	18.31836
Sum squared resid	6.08E+08	Schwarz criterion	18.36506
Log likelihood	-1087.942	Hannan-Quinn criter.	18.33732
F-statistic	10.14881	Durbin-Watson stat	1.887332
Prob(F-statistic)	0.001851		

Table : 6.6.
ADF Unit Root Test of IBDEPTOT

Series: IBDEPTOT Workfile: PROFITABILITY OF ISLAMIC BANKS...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(IBDEPTOT)

Null Hypothesis: D(IBDEPTOT) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-9.289010	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(IBDEPTOT,2)
Method: Least Squares
Date: 10/26/16 Time: 14:44
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(IBDEPTOT(-1))	-0.911136	0.098088	-9.289010	0.0000
C	1678.309	277.1484	6.055634	0.0000

R-squared	0.426554	Mean dependent var	91.54237
Adjusted R-squared	0.421610	S.D. dependent var	3117.281
S.E. of regression	2370.753	Akaike info criterion	18.39661
Sum squared resid	6.52E+08	Schwarz criterion	18.44357
Log likelihood	-1083.400	Hannan-Quinn criter.	18.41567
F-statistic	86.28571	Durbin-Watson stat	1.915670
Prob(F-statistic)	0.000000		

Table : 6.7.
PP Unit Root Test of IDDEPTOT

Series: IBDEPTOT Workfile: PROFITABILITY OF ISLAMIC BANKS:...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on IBDEPTOT

Null Hypothesis: IBDEPTOT has a unit root
Exogenous: Constant
Bandwidth: 4 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		2.859918	1.0000
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	5110798.
HAC corrected variance (Bartlett kernel)	6192990.

Phillips-Perron Test Equation
Dependent Variable: D(IBDEPTOT)
Method: Least Squares
Date: 10/26/16 Time: 14:45
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IBDEPTOT(-1)	0.009573	0.003005	3.185720	0.0019
C	903.9784	354.3220	2.551290	0.0120

R-squared	0.079818	Mean dependent var	1815.462
Adjusted R-squared	0.071954	S.D. dependent var	2366.683
S.E. of regression	2279.948	Akaike info criterion	18.31836
Sum squared resid	6.08E+08	Schwarz criterion	18.36506
Log likelihood	-1087.942	Hannan-Quinn criter.	18.33732
F-statistic	10.14881	Durbin-Watson stat	1.887332
Prob(F-statistic)	0.001851		

Table : 6.8.
PP Unit Root Test of IDDEPTOT

Series: IBDEPTOT Workfile: PROFITABILITY OF ISLAMIC BANKS:...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(IBDEPTOT)

Null Hypothesis: D(IBDEPTOT) has a unit root
Exogenous: Constant
Bandwidth: 5 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-9.700663	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	5525209.
HAC corrected variance (Bartlett kernel)	7365913.

Phillips-Perron Test Equation
Dependent Variable: D(IBDEPTOT,2)
Method: Least Squares
Date: 10/26/16 Time: 14:46
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(IBDEPTOT(-1))	-0.911136	0.098088	-9.289010	0.0000
C	1678.309	277.1484	6.055634	0.0000

R-squared	0.426554	Mean dependent var	91.54237
Adjusted R-squared	0.421610	S.D. dependent var	3117.281
S.E. of regression	2370.753	Akaike info criterion	18.39661
Sum squared resid	6.52E+08	Schwarz criterion	18.44357
Log likelihood	-1083.400	Hannan-Quinn criter.	18.41567
F-statistic	86.28571	Durbin-Watson stat	1.915670
Prob(F-statistic)	0.000000		

Table : 6.9.
ADF Unit Root Test of IBFINTOT

Series: IBFINTOT Workfile: PROFITABILITY OF ISLAMIC BANKS:...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on IBFINTOT

Null Hypothesis: IBFINTOT has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		1.551117	0.9994
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(IBFINTOT)
Method: Least Squares
Date: 10/26/16 Time: 15:17
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IBFINTOT(-1)	0.005949	0.003835	1.551117	0.1236
C	1104.991	445.9359	2.477914	0.0146

R-squared	0.020149	Mean dependent var	1663.479
Adjusted R-squared	0.011775	S.D. dependent var	2887.076
S.E. of regression	2870.028	Akaike info criterion	18.77870
Sum squared resid	9.64E+08	Schwarz criterion	18.82540
Log likelihood	-1115.332	Hannan-Quinn criter.	18.79766
F-statistic	2.405964	Durbin-Watson stat	1.940516
Prob(F-statistic)	0.123574		

Table : 6.10.
ADF Unit Root Test of IBFINTOT

Series: IBFINTOT Workfile: PROFITABILITY OF ISLAMIC BANKS:...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(IBFINTOT)

Null Hypothesis: D(IBFINTOT) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-10.21002	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(IBFINTOT,2)
Method: Least Squares
Date: 10/26/16 Time: 15:18
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(IBFINTOT(-1))	-0.948213	0.092871	-10.21002	0.0000
C	1589.644	308.0003	5.161178	0.0000

R-squared	0.473313	Mean dependent var	30.05932
Adjusted R-squared	0.468772	S.D. dependent var	3986.110
S.E. of regression	2905.291	Akaike info criterion	18.80326
Sum squared resid	9.79E+08	Schwarz criterion	18.85022
Log likelihood	-1107.392	Hannan-Quinn criter.	18.82233
F-statistic	104.2445	Durbin-Watson stat	2.012626
Prob(F-statistic)	0.000000		

Table : 6.11.
PP Unit Root Test of IBFINTOT

Series: IBFINTOT Workfile: PROFITABILITY OF ISLAMIC BANKS:...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on IBFINTOT

Null Hypothesis: IBFINTOT has a unit root
Exogenous: Constant
Bandwidth: 4 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		1.371419	0.9989
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	8098623.
HAC corrected variance (Bartlett kernel)	9752065.

Phillips-Perron Test Equation
Dependent Variable: D(IBFINTOT)
Method: Least Squares
Date: 10/26/16 Time: 15:18
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IBFINTOT(-1)	0.005949	0.003835	1.551117	0.1236
C	1104.991	445.9359	2.477914	0.0146

R-squared	0.020149	Mean dependent var	1663.479
Adjusted R-squared	0.011775	S.D. dependent var	2887.076
S.E. of regression	2870.028	Akaike info criterion	18.77870
Sum squared resid	9.64E+08	Schwarz criterion	18.82540
Log likelihood	-1115.332	Hannan-Quinn criter.	18.79766
F-statistic	2.405964	Durbin-Watson stat	1.940516
Prob(F-statistic)	0.123574		

Table : 6.12.
PP Unit Root Test of IBFINTOT

Series: IBFINTOT Workfile: PROFITABILITY OF ISLAMIC BANKS:...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(IBFINTOT)

Null Hypothesis: D(IBFINTOT) has a unit root
Exogenous: Constant
Bandwidth: 4 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-10.30023	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	8297652.
HAC corrected variance (Bartlett kernel)	9803145.

Phillips-Perron Test Equation
Dependent Variable: D(IBFINTOT,2)
Method: Least Squares
Date: 10/26/16 Time: 15:19
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(IBFINTOT(-1))	-0.948213	0.092871	-10.21002	0.0000
C	1589.644	308.0003	5.161178	0.0000

R-squared	0.473313	Mean dependent var	30.05932
Adjusted R-squared	0.468772	S.D. dependent var	3986.110
S.E. of regression	2905.291	Akaike info criterion	18.80326
Sum squared resid	9.79E+08	Schwarz criterion	18.85022
Log likelihood	-1107.392	Hannan-Quinn criter.	18.82233
F-statistic	104.2445	Durbin-Watson stat	2.012626
Prob(F-statistic)	0.000000		

Table : 6.13.
ADF Unit Root Test of WadSav

Series: WADSAV Workfile: DEPOSITS OF ISLAMIC BANKS::Profit...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on WADSAV

Null Hypothesis: WADSAV has a unit root
Exogenous: Constant
Lag Length: 4 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-0.468538	0.8921
Test critical values:	1% level	-3.488063	
	5% level	-2.886732	
	10% level	-2.580281	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(WADSAV)
Method: Least Squares
Date: 11/18/16 Time: 10:35
Sample (adjusted): 2006M06 2015M12
Included observations: 115 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
WADSAV(-1)	-0.008380	0.017885	-0.468538	0.6403
D(WADSAV(-1))	-0.358869	0.093394	-3.842515	0.0002
D(WADSAV(-2))	-0.357897	0.096143	-3.722555	0.0003
D(WADSAV(-3))	-0.268639	0.096208	-2.792289	0.0062
D(WADSAV(-4))	-0.277459	0.093247	-2.975537	0.0036
C	363.7136	195.6046	1.859433	0.0657

R-squared	0.198076	Mean dependent var	130.9739
Adjusted R-squared	0.161290	S.D. dependent var	1117.184
S.E. of regression	1023.129	Akaike info criterion	16.74988
Sum squared resid	1.14E+08	Schwarz criterion	16.89310
Log likelihood	-957.1183	Hannan-Quinn criter.	16.80801
F-statistic	5.384613	Durbin-Watson stat	2.094500
Prob(F-statistic)	0.000183		

Table : 6.14.
ADF Unit Root Test of WadSav

Series: WADSAV Workfile: DEPOSITS OF ISLAMIC BANKS::Profita...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(WADSAV)

Null Hypothesis: D(WADSAV) has a unit root
Exogenous: Constant
Lag Length: 3 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-8.983449	0.0000
Test critical values:	1% level	-3.488063	
	5% level	-2.886732	
	10% level	-2.580281	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(WADSAV,2)
Method: Least Squares
Date: 11/18/16 Time: 10:36
Sample (adjusted): 2006M06 2015M12
Included observations: 115 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(WADSAV(-1))	-2.277989	0.253576	-8.983449	0.0000
D(WADSAV(-1),2)	0.913853	0.206816	4.418669	0.0000
D(WADSAV(-2),2)	0.551616	0.151886	3.631775	0.0004
D(WADSAV(-3),2)	0.279701	0.092793	3.014245	0.0032
C	285.0228	99.91359	2.852692	0.0052

R-squared	0.666602	Mean dependent var	16.03478
Adjusted R-squared	0.654478	S.D. dependent var	1734.390
S.E. of regression	1019.493	Akaike info criterion	16.73450
Sum squared resid	1.14E+08	Schwarz criterion	16.85385
Log likelihood	-957.2340	Hannan-Quinn criter.	16.78295
F-statistic	54.98396	Durbin-Watson stat	2.097295
Prob(F-statistic)	0.000000		

Table : 6.15.
PP Unit Root Test of WadSav

Series: WADSAV Workfile: DEPOSITS OF ISLAMIC BANKS::Profit...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on WADSAV

Null Hypothesis: WADSAV has a unit root
Exogenous: Constant
Bandwidth: 47 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-0.627900	0.8591
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	1185420.
HAC corrected variance (Bartlett kernel)	538721.3

Phillips-Perron Test Equation
Dependent Variable: D(WADSAV)
Method: Least Squares
Date: 11/18/16 Time: 10:37
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
WADSAV(-1)	-0.018730	0.018427	-1.016394	0.3115
C	304.1283	199.6574	1.523251	0.1304

R-squared	0.008752	Mean dependent var	128.8739
Adjusted R-squared	0.000280	S.D. dependent var	1098.190
S.E. of regression	1098.036	Akaike info criterion	16.85710
Sum squared resid	1.41E+08	Schwarz criterion	16.90381
Log likelihood	-1000.997	Hannan-Quinn criter.	16.87606
F-statistic	1.033057	Durbin-Watson stat	2.386758
Prob(F-statistic)	0.311539		

Table : 6.16.
PP Unit Root Test of WadSav

Series: WADSAV Workfile: DEPOSITS OF ISLAMIC BANKS::Profit...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(WADSAV)

Null Hypothesis: D(WADSAV) has a unit root
Exogenous: Constant
Bandwidth: 34 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-18.73556	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	1148099.
HAC corrected variance (Bartlett kernel)	281897.8

Phillips-Perron Test Equation
Dependent Variable: D(WADSAV,2)
Method: Least Squares
Date: 11/18/16 Time: 10:38
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(WADSAV(-1))	-1.221660	0.091655	-13.32890	0.0000
C	154.5906	100.0289	1.545460	0.1250

R-squared	0.604985	Mean dependent var	15.83898
Adjusted R-squared	0.601579	S.D. dependent var	1712.107
S.E. of regression	1080.691	Akaike info criterion	16.82539
Sum squared resid	1.35E+08	Schwarz criterion	16.87235
Log likelihood	-990.6982	Hannan-Quinn criter.	16.84446
F-statistic	177.6595	Durbin-Watson stat	2.081594
Prob(F-statistic)	0.000000		

Table : 6.17.
ADF Unit Root Test of MudhSav

Series: MUDHSAV Workfile: DEPOSITS OF ISLAMIC BANKS::Prof...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on MUDHSAV

Null Hypothesis: MUDHSAV has a unit root
Exogenous: Constant
Lag Length: 12 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-2.305529	0.1721
Test critical values:	1% level	-3.492523	
	5% level	-2.888669	
	10% level	-2.581313	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(MUDHSAV)
Method: Least Squares
Date: 11/18/16 Time: 10:41
Sample (adjusted): 2007M02 2015M12
Included observations: 107 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MUDHSAV(-1)	-0.008008	0.003473	-2.305529	0.0234
D(MUDHSAV(-1))	-0.018112	0.063084	-0.287108	0.7747
D(MUDHSAV(-2))	0.021952	0.063105	0.347865	0.7287
D(MUDHSAV(-3))	0.039854	0.063241	0.630191	0.5301
D(MUDHSAV(-4))	0.066663	0.063462	1.050430	0.2962
D(MUDHSAV(-5))	0.061126	0.063571	0.961537	0.3388
D(MUDHSAV(-6))	-0.074995	0.063946	-1.172797	0.2439
D(MUDHSAV(-7))	0.067578	0.064518	1.047424	0.2976
D(MUDHSAV(-8))	-0.005401	0.064832	-0.083303	0.9338
D(MUDHSAV(-9))	0.019540	0.065086	0.300210	0.7647
D(MUDHSAV(-10))	-0.019146	0.068222	-0.280644	0.7796
D(MUDHSAV(-11))	-0.032499	0.071770	-0.452814	0.6517
D(MUDHSAV(-12))	1.014975	0.074346	13.65197	0.0000
C	190.4711	110.6758	1.720982	0.0886

R-squared	0.754071	Mean dependent var	571.0374
Adjusted R-squared	0.719694	S.D. dependent var	993.8536
S.E. of regression	526.1850	Akaike info criterion	15.49064
Sum squared resid	25748971	Schwarz criterion	15.84035
Log likelihood	-814.7490	Hannan-Quinn criter.	15.63241
F-statistic	21.93526	Durbin-Watson stat	2.257132
Prob(F-statistic)	0.000000		

Table : 6.18.
ADF Unit Root Test of MudhSav

Series: MUDHSAV Workfile: DEPOSITS OF ISLAMIC BANKS::Profi...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(MUDHSAV,2)

Null Hypothesis: D(MUDHSAV,2) has a unit root
Exogenous: Constant
Lag Length: 10 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-11.58312	0.0000
Test critical values:	1% level	-3.492523	
	5% level	-2.888669	
	10% level	-2.581313	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(MUDHSAV,3)
Method: Least Squares
Date: 11/18/16 Time: 10:44
Sample (adjusted): 2007M02 2015M12
Included observations: 107 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(MUDHSAV(-1),2)	-10.89518	0.940608	-11.58312	0.0000
D(MUDHSAV(-1),3)	8.874786	0.917431	9.673519	0.0000
D(MUDHSAV(-2),3)	7.887816	0.864053	9.128858	0.0000
D(MUDHSAV(-3),3)	6.948304	0.786843	8.830611	0.0000
D(MUDHSAV(-4),3)	6.073462	0.697535	8.707034	0.0000
D(MUDHSAV(-5),3)	5.257621	0.598756	8.780909	0.0000
D(MUDHSAV(-6),3)	4.366612	0.493259	8.852568	0.0000
D(MUDHSAV(-7),3)	3.537392	0.383364	9.227238	0.0000
D(MUDHSAV(-8),3)	2.693623	0.272013	9.902559	0.0000
D(MUDHSAV(-9),3)	1.855948	0.161524	11.49021	0.0000
D(MUDHSAV(-10),3)	0.966824	0.067070	14.41521	0.0000
C	16.74118	52.11494	0.321236	0.7487

R-squared	0.962718	Mean dependent var	39.32710
Adjusted R-squared	0.958401	S.D. dependent var	2640.321
S.E. of regression	538.5165	Akaike info criterion	15.52086
Sum squared resid	27550003	Schwarz criterion	15.82062
Log likelihood	-818.3660	Hannan-Quinn criter.	15.64238
F-statistic	223.0116	Durbin-Watson stat	2.115192
Prob(F-statistic)	0.000000		

Table : 6.19.
PP Unit Root Test of MudhSav

Series: MUDHSAV Workfile: DEPOSITS OF ISLAMIC BANKS::Profi...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on MUDHSAV

Null Hypothesis: MUDHSAV has a unit root
Exogenous: Constant
Bandwidth: 1 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		2.268001	1.0000
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	867236.0
HAC corrected variance (Bartlett kernel)	669961.7

Phillips-Perron Test Equation
Dependent Variable: D(MUDHSAV)
Method: Least Squares
Date: 11/18/16 Time: 10:45
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MUDHSAV(-1)	0.008273	0.004273	1.936080	0.0553
C	296.2698	149.3864	1.983245	0.0497

R-squared	0.031043	Mean dependent var	532.6303
Adjusted R-squared	0.022761	S.D. dependent var	950.0553
S.E. of regression	939.1808	Akaike info criterion	16.54456
Sum squared resid	1.03E+08	Schwarz criterion	16.59126
Log likelihood	-982.4011	Hannan-Quinn criter.	16.56352
F-statistic	3.748405	Durbin-Watson stat	2.330734
Prob(F-statistic)	0.055270		

Table : 6.20.
PP Unit Root Test of MudhSav

Series: MUDHSAV Workfile: DEPOSITS OF ISLAMIC BANKS::Profi...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(MUDHSAV)

Null Hypothesis: D(MUDHSAV) has a unit root
Exogenous: Constant
Bandwidth: 5 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-12.47011	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	862460.9
HAC corrected variance (Bartlett kernel)	1158581.

Phillips-Perron Test Equation
Dependent Variable: D(MUDHSAV,2)
Method: Least Squares
Date: 11/18/16 Time: 10:45
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(MUDHSAV(-1))	-1.222752	0.097927	-12.48634	0.0000
C	647.7405	99.15498	6.532607	0.0000

R-squared	0.573386	Mean dependent var	36.45763
Adjusted R-squared	0.569708	S.D. dependent var	1427.908
S.E. of regression	936.6594	Akaike info criterion	16.53932
Sum squared resid	1.02E+08	Schwarz criterion	16.58628
Log likelihood	-973.8199	Hannan-Quinn criter.	16.55839
F-statistic	155.9087	Durbin-Watson stat	1.846903
Prob(F-statistic)	0.000000		

Table : 6.21.
ADF Unit Root Test of MudhDep

Series: MUDHDEP Workfile: DEPOSITS OF ISLAMIC BANKS::Profi...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on MUDHDEP

Null Hypothesis: MUDHDEP has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		1.148977	0.9977
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(MUDHDEP)
Method: Least Squares
Date: 11/18/16 Time: 10:49
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MUDHDEP(-1)	0.006001	0.005223	1.148977	0.2529
C	688.4272	366.2789	1.879517	0.0627

R-squared	0.011157	Mean dependent var	1024.899
Adjusted R-squared	0.002706	S.D. dependent var	2403.224
S.E. of regression	2399.971	Akaike info criterion	18.42096
Sum squared resid	6.74E+08	Schwarz criterion	18.46767
Log likelihood	-1094.047	Hannan-Quinn criter.	18.43993
F-statistic	1.320149	Durbin-Watson stat	1.858344
Prob(F-statistic)	0.252909		

Table : 6.22.
ADF Unit Root Test of MudhDep

Augmented Dickey-Fuller Unit Root Test on D(MUDHDEP)

Null Hypothesis: D(MUDHDEP) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-9.886569	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(MUDHDEP,2)
Method: Least Squares
Date: 11/18/16 Time: 10:50
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(MUDHDEP(-1))	-0.923778	0.093438	-9.886569	0.0000
C	961.4546	240.7432	3.993694	0.0001

R-squared	0.457295	Mean dependent var	44.33898
Adjusted R-squared	0.452617	S.D. dependent var	3261.733
S.E. of regression	2413.204	Akaike info criterion	18.43210
Sum squared resid	6.76E+08	Schwarz criterion	18.47906
Log likelihood	-1085.494	Hannan-Quinn criter.	18.45117
F-statistic	97.74424	Durbin-Watson stat	1.998593
Prob(F-statistic)	0.000000		

Table : 6.23.
PP Unit Root Test of MudhDep

Series: MUDHDEP Workfile: DEPOSITS OF ISLAMIC BANKS::Profi...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on MUDHDEP

Null Hypothesis: MUDHDEP has a unit root
Exogenous: Constant
Bandwidth: 3 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		1.046426	0.9969
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	5663054.
HAC corrected variance (Bartlett kernel)	6374889.

Phillips-Perron Test Equation
Dependent Variable: D(MUDHDEP)
Method: Least Squares
Date: 11/18/16 Time: 10:50
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MUDHDEP(-1)	0.006001	0.005223	1.148977	0.2529
C	688.4272	366.2789	1.879517	0.0627

R-squared	0.011157	Mean dependent var	1024.899
Adjusted R-squared	0.002706	S.D. dependent var	2403.224
S.E. of regression	2399.971	Akaike info criterion	18.42096
Sum squared resid	6.74E+08	Schwarz criterion	18.46767
Log likelihood	-1094.047	Hannan-Quinn criter.	18.43993
F-statistic	1.320149	Durbin-Watson stat	1.858344
Prob(F-statistic)	0.252909		

Table : 6.24.
PP Unit Root Test of MudhDep

Series: MUDHDEP Workfile: DEPOSITS OF ISLAMIC BANKS::Profi...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(MUDHDEP)

Null Hypothesis: D(MUDHDEP) has a unit root
Exogenous: Constant
Bandwidth: 4 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-9.925248	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	5724851.
HAC corrected variance (Bartlett kernel)	6104689.

Phillips-Perron Test Equation
Dependent Variable: D(MUDHDEP,2)
Method: Least Squares
Date: 11/18/16 Time: 10:51
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(MUDHDEP(-1))	-0.923778	0.093438	-9.886569	0.0000
C	961.4546	240.7432	3.993694	0.0001

R-squared	0.457295	Mean dependent var	44.33898
Adjusted R-squared	0.452617	S.D. dependent var	3261.733
S.E. of regression	2413.204	Akaike info criterion	18.43210
Sum squared resid	6.76E+08	Schwarz criterion	18.47906
Log likelihood	-1085.494	Hannan-Quinn criter.	18.45117
F-statistic	97.74424	Durbin-Watson stat	1.998593
Prob(F-statistic)	0.000000		

Table : 6.25.

ADF Unit Root Test of MudhDep01

Series: MUDHDEP01 Workfile: DEPOSITS OF ISLAMIC BANKS 200...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on MUDHDEP01

Null Hypothesis: MUDHDEP01 has a unit root
Exogenous: Constant
Lag Length: 2 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-0.141993	0.9404
Test critical values:	1% level	-3.513344	
	5% level	-2.897678	
	10% level	-2.586103	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(MUDHDEP01)
Method: Least Squares
Date: 11/21/16 Time: 10:23
Sample (adjusted): 2009M04 2015M12
Included observations: 81 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MUDHDEP01(-1)	-0.003055	0.021514	-0.141993	0.8875
D(MUDHDEP01(-1))	-0.118826	0.104850	-1.133297	0.2606
D(MUDHDEP01(-2))	-0.409265	0.104668	-3.910133	0.0002
C	1685.499	1218.201	1.383597	0.1705

R-squared	0.175686	Mean dependent var	1002.370
Adjusted R-squared	0.143570	S.D. dependent var	5231.379
S.E. of regression	4841.301	Akaike info criterion	19.85588
Sum squared resid	1.80E+09	Schwarz criterion	19.97412
Log likelihood	-800.1630	Hannan-Quinn criter.	19.90332
F-statistic	5.470349	Durbin-Watson stat	2.038332
Prob(F-statistic)	0.001841		

Table : 6.26
ADF Unit Root Test of MudhDep01

Series: MUDHDEP01 Workfile: DEPOSITS OF ISLAMIC BANKS 200...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(MUDHDEP01)

Null Hypothesis: D(MUDHDEP01) has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-10.07929	0.0000
Test critical values:	1% level	-3.513344	
	5% level	-2.897678	
	10% level	-2.586103	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(MUDHDEP01,2)
Method: Least Squares
Date: 11/21/16 Time: 10:24
Sample (adjusted): 2009M04 2015M12
Included observations: 81 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(MUDHDEP01(-1))	-1.532095	0.152004	-10.07929	0.0000
D(MUDHDEP01(-1),2)	0.411218	0.103106	3.988311	0.0001
C	1531.826	555.7045	2.756548	0.0073

R-squared	0.620233	Mean dependent var	-5.197531
Adjusted R-squared	0.610495	S.D. dependent var	7708.333
S.E. of regression	4810.796	Akaike info criterion	19.83145
Sum squared resid	1.81E+09	Schwarz criterion	19.92013
Log likelihood	-800.1736	Hannan-Quinn criter.	19.86703
F-statistic	63.69446	Durbin-Watson stat	2.040035
Prob(F-statistic)	0.000000		

Table : 6.27.
PP Unit Root Test of MudhDep01

Series: MUDHDEP01 Workfile: DEPOSITS OF ISLAMIC BANKS 20...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on MUDHDEP01

Null Hypothesis: MUDHDEP01 has a unit root
Exogenous: Constant
Bandwidth: 23 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		0.129288	0.9662
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	26301018
HAC corrected variance (Bartlett kernel)	6085689.

Phillips-Perron Test Equation
Dependent Variable: D(MUDHDEP01)
Method: Least Squares
Date: 11/21/16 Time: 10:25
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MUDHDEP01(-1)	-0.014030	0.022111	-0.634545	0.5275
C	1690.687	1257.702	1.344266	0.1826

R-squared	0.004946	Mean dependent var	979.2289
Adjusted R-squared	-0.007338	S.D. dependent var	5172.436
S.E. of regression	5191.380	Akaike info criterion	19.97119
Sum squared resid	2.18E+09	Schwarz criterion	20.02947
Log likelihood	-826.8043	Hannan-Quinn criter.	19.99460
F-statistic	0.402647	Durbin-Watson stat	2.149555
Prob(F-statistic)	0.527513		

Table : 6.28.
PP Unit Root Test of MudhDep01

Series: MUDHDEP01 Workfile: DEPOSITS OF ISLAMIC BANKS 20...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(MUDHDEP01)

Null Hypothesis: D(MUDHDEP01) has a unit root
Exogenous: Constant
Bandwidth: 34 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-19.24571	0.0001
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	26504301
HAC corrected variance (Bartlett kernel)	2272252.

Phillips-Perron Test Equation
Dependent Variable: D(MUDHDEP01,2)
Method: Least Squares
Date: 11/21/16 Time: 10:26
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(MUDHDEP01(-1))	-1.085586	0.111281	-9.755329	0.0000
C	1088.720	585.8665	1.858307	0.0668

R-squared	0.543292	Mean dependent var	22.93902
Adjusted R-squared	0.537583	S.D. dependent var	7664.839
S.E. of regression	5212.188	Akaike info criterion	19.97948
Sum squared resid	2.17E+09	Schwarz criterion	20.03818
Log likelihood	-817.1585	Hannan-Quinn criter.	20.00304
F-statistic	95.16644	Durbin-Watson stat	2.070449
Prob(F-statistic)	0.000000		

Table : 6.29.
ADF Unit Root Test of MudhDep03

Series: MUDHDEP03 Workfile: DEPOSITS OF ISLAMIC BANKS 20...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on MUDHDEP03

Null Hypothesis: MUDHDEP03 has a unit root
Exogenous: Constant
Lag Length: 2 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-0.894322	0.7854
Test critical values:	1% level	-3.513344	
	5% level	-2.897678	
	10% level	-2.586103	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(MUDHDEP03)
Method: Least Squares
Date: 11/21/16 Time: 10:28
Sample (adjusted): 2009M04 2015M12
Included observations: 81 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MUDHDEP03(-1)	-0.021020	0.023503	-0.894322	0.3739
D(MUDHDEP03(-1))	0.106277	0.111175	0.955940	0.3421
D(MUDHDEP03(-2))	-0.353270	0.111293	-3.174227	0.0022
C	580.3625	343.8530	1.687821	0.0955

R-squared	0.133093	Mean dependent var	259.7160
Adjusted R-squared	0.099318	S.D. dependent var	1558.877
S.E. of regression	1479.441	Akaike info criterion	17.48484
Sum squared resid	1.69E+08	Schwarz criterion	17.60308
Log likelihood	-704.1359	Hannan-Quinn criter.	17.53228
F-statistic	3.940520	Durbin-Watson stat	1.857017
Prob(F-statistic)	0.011366		

Table : 6.30.
ADF Unit Root Test of MudhDep03

Series: MUDHDEP03 Workfile: DEPOSITS OF ISLAMIC BANKS 20...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(MUDHDEP03)

Null Hypothesis: D(MUDHDEP03) has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-8.322384	0.0000
Test critical values:	1% level	-3.513344	
	5% level	-2.897678	
	10% level	-2.586103	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(MUDHDEP03,2)
Method: Least Squares
Date: 11/21/16 Time: 10:29
Sample (adjusted): 2009M04 2015M12
Included observations: 81 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(MUDHDEP03(-1))	-1.260535	0.151463	-8.322384	0.0000
D(MUDHDEP03(-1),2)	0.360513	0.110856	3.252100	0.0017
C	311.6580	167.0009	1.866205	0.0658

R-squared	0.507566	Mean dependent var	56.06173
Adjusted R-squared	0.494940	S.D. dependent var	2079.065
S.E. of regression	1477.541	Akaike info criterion	17.47048
Sum squared resid	1.70E+08	Schwarz criterion	17.55916
Log likelihood	-704.5544	Hannan-Quinn criter.	17.50606
F-statistic	40.19849	Durbin-Watson stat	1.863676
Prob(F-statistic)	0.000000		

Table : 6.31.
PP Unit Root Test of MudhDep03

Series: MUDHDEP03 Workfile: DEPOSITS OF ISLAMIC BANKS 20...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on MUDHDEP03

Null Hypothesis: MUDHDEP03 has a unit root
Exogenous: Constant
Bandwidth: 7 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-0.785484	0.8178
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	2319455.
HAC corrected variance (Bartlett kernel)	1551712.

Phillips-Perron Test Equation
Dependent Variable: D(MUDHDEP03)
Method: Least Squares
Date: 11/21/16 Time: 10:29
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MUDHDEP03(-1)	-0.022906	0.023745	-0.964685	0.3376
C	544.3960	345.0027	1.577947	0.1185

R-squared	0.011359	Mean dependent var	254.3614
Adjusted R-squared	-0.000847	S.D. dependent var	1541.011
S.E. of regression	1541.663	Akaike info criterion	17.54291
Sum squared resid	1.93E+08	Schwarz criterion	17.60120
Log likelihood	-726.0309	Hannan-Quinn criter.	17.56633
F-statistic	0.930618	Durbin-Watson stat	1.761259
Prob(F-statistic)	0.337574		

Table : 6.32.
PP Unit Root Test of MudhDep03

Series: MUDHDEP03 Workfile: DEPOSITS OF ISLAMIC BANKS 20...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(MUDHDEP03)

Null Hypothesis: D(MUDHDEP03) has a unit root
Exogenous: Constant
Bandwidth: 8 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-7.834649	0.0000
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	2362100.
HAC corrected variance (Bartlett kernel)	1332671.

Phillips-Perron Test Equation
Dependent Variable: D(MUDHDEP03,2)
Method: Least Squares
Date: 11/21/16 Time: 10:29
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(MUDHDEP03(-1))	-0.924408	0.116429	-7.939659	0.0000
C	237.3900	173.4930	1.368298	0.1750

R-squared	0.440709	Mean dependent var	47.24390
Adjusted R-squared	0.433718	S.D. dependent var	2067.734
S.E. of regression	1556.005	Akaike info criterion	17.56172
Sum squared resid	1.94E+08	Schwarz criterion	17.62042
Log likelihood	-718.0305	Hannan-Quinn criter.	17.58529
F-statistic	63.03819	Durbin-Watson stat	1.866715
Prob(F-statistic)	0.000000		

Table : 6.33.
ADF Unit Root Test of MudhDep12

Series: MUDHDEP12 Workfile: DEPOSITS OF ISLAMIC BANKS 20...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on MUDHDEP12

Null Hypothesis: MUDHDEP12 has a unit root
Exogenous: Constant
Lag Length: 2 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-2.567619	0.1039
Test critical values:	1% level	-3.513344	
	5% level	-2.897678	
	10% level	-2.586103	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(MUDHDEP12)
Method: Least Squares
Date: 11/21/16 Time: 10:34
Sample (adjusted): 2009M04 2015M12
Included observations: 81 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MUDHDEP12(-1)	-0.218976	0.085284	-2.567619	0.0122
D(MUDHDEP12(-1))	0.085320	0.108012	0.789914	0.4320
D(MUDHDEP12(-2))	-0.314946	0.107446	-2.931197	0.0044
C	1449.053	644.7931	2.247315	0.0275

R-squared	0.242215	Mean dependent var	38.16049
Adjusted R-squared	0.212691	S.D. dependent var	3525.665
S.E. of regression	3128.337	Akaike info criterion	18.98251
Sum squared resid	7.54E+08	Schwarz criterion	19.10076
Log likelihood	-764.7918	Hannan-Quinn criter.	19.02995
F-statistic	8.203999	Durbin-Watson stat	1.965524
Prob(F-statistic)	0.000083		

Table : 6.34.
ADF Unit Root Test of MudhDep12

Series: MUDHDEP12 Workfile: DEPOSITS OF ISLAMIC BANKS 20...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(MUDHDEP12)

Null Hypothesis: D(MUDHDEP12) has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-9.864617	0.0000
Test critical values:	1% level	-3.513344	
	5% level	-2.897678	
	10% level	-2.586103	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(MUDHDEP12,2)
Method: Least Squares
Date: 11/21/16 Time: 10:33
Sample (adjusted): 2009M04 2015M12
Included observations: 81 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(MUDHDEP12(-1))	-1.445120	0.146495	-9.864617	0.0000
D(MUDHDEP12(-1),2)	0.420826	0.102714	4.097078	0.0001
C	54.69378	359.8804	0.151978	0.8796

R-squared	0.595584	Mean dependent var	0.456790
Adjusted R-squared	0.585214	S.D. dependent var	5028.500
S.E. of regression	3238.548	Akaike info criterion	19.03997
Sum squared resid	8.18E+08	Schwarz criterion	19.12866
Log likelihood	-768.1189	Hannan-Quinn criter.	19.07555
F-statistic	57.43533	Durbin-Watson stat	2.017718
Prob(F-statistic)	0.000000		

Table : 6.35.
PP Unit Root Test of MudhDep12

Series: MUDHDEP12 Workfile: DEPOSITS OF ISLAMIC BANKS 20...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on MUDHDEP12

Null Hypothesis: MUDHDEP12 has a unit root
Exogenous: Constant
Bandwidth: 4 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-3.465009	0.0114
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	10321161
HAC corrected variance (Bartlett kernel)	9186572.

Phillips-Perron Test Equation
Dependent Variable: D(MUDHDEP12)
Method: Least Squares
Date: 12/09/16 Time: 16:34
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MUDHDEP12(-1)	-0.272764	0.075567	-3.609573	0.0005
C	1757.608	595.3494	2.952229	0.0041

R-squared	0.138564	Mean dependent var	37.77108
Adjusted R-squared	0.127929	S.D. dependent var	3482.450
S.E. of regression	3252.077	Akaike info criterion	19.03578
Sum squared resid	8.57E+08	Schwarz criterion	19.09406
Log likelihood	-787.9847	Hannan-Quinn criter.	19.05919
F-statistic	13.02902	Durbin-Watson stat	1.803675
Prob(F-statistic)	0.000530		

Table : 6.36.
PP Unit Root Test of MudhDep12

Series: MUDHDEP12 Workfile: DEPOSITS OF ISLAMIC BANKS 20...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(MUDHDEP12)

Null Hypothesis: D(MUDHDEP12) has a unit root
Exogenous: Constant
Bandwidth: 28 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-14.47407	0.0001
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	12123788
HAC corrected variance (Bartlett kernel)	1530842.

Phillips-Perron Test Equation
Dependent Variable: D(MUDHDEP12,2)
Method: Least Squares
Date: 12/09/16 Time: 16:36
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(MUDHDEP12(-1))	-1.017111	0.111787	-9.098651	0.0000
C	37.25080	389.3151	0.095683	0.9240

R-squared	0.508556	Mean dependent var	-2.304878
Adjusted R-squared	0.502413	S.D. dependent var	4997.426
S.E. of regression	3525.178	Akaike info criterion	19.19734
Sum squared resid	9.94E+08	Schwarz criterion	19.25604
Log likelihood	-785.0908	Hannan-Quinn criter.	19.22090
F-statistic	82.78546	Durbin-Watson stat	2.014352
Prob(F-statistic)	0.000000		

Table : 6.37.
ADF Unit Root Test of PLSFin

Series: PLSFIN Workfile: FINANCING OF ISLAMIC BANKS::Profita...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on PLSFIN

Null Hypothesis: PLSFIN has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		3.883036	1.0000
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PLSFIN)
Method: Least Squares
Date: 11/19/16 Time: 09:09
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PLSFIN(-1)	0.013655	0.003516	3.883036	0.0002
C	194.1863	126.4449	1.535738	0.1273

R-squared	0.114160	Mean dependent var	593.9664
Adjusted R-squared	0.106588	S.D. dependent var	847.1898
S.E. of regression	800.7677	Akaike info criterion	16.22568
Sum squared resid	75023780	Schwarz criterion	16.27239
Log likelihood	-963.4281	Hannan-Quinn criter.	16.24465
F-statistic	15.07797	Durbin-Watson stat	2.292479
Prob(F-statistic)	0.000171		

Table : 6.38.
PP Unit Root Test of PLSFin

Series: PLSFIN Workfile: FINANCING OF ISLAMIC BANKS::Profit...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on PLSFIN

Null Hypothesis: PLSFIN has a unit root
Exogenous: Constant
Bandwidth: 1 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		4.264873	1.0000
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	630451.9
HAC corrected variance (Bartlett kernel)	531424.4

Phillips-Perron Test Equation
Dependent Variable: D(PLSFIN)
Method: Least Squares
Date: 11/19/16 Time: 09:10
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PLSFIN(-1)	0.013655	0.003516	3.883036	0.0002
C	194.1863	126.4449	1.535738	0.1273

R-squared	0.114160	Mean dependent var	593.9664
Adjusted R-squared	0.106588	S.D. dependent var	847.1898
S.E. of regression	800.7677	Akaike info criterion	16.22568
Sum squared resid	75023780	Schwarz criterion	16.27239
Log likelihood	-963.4281	Hannan-Quinn criter.	16.24465
F-statistic	15.07797	Durbin-Watson stat	2.292479
Prob(F-statistic)	0.000171		

Table : 6.39.
ADF Unit Root Test of MudhFin

Series: MUDHFIN Workfile: FINANCING OF ISLAMIC BANKS::Pro...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on MUDHFIN

Null Hypothesis: MUDHFIN has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-0.895458	0.7867
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(MUDHFIN)
Method: Least Squares
Date: 11/19/16 Time: 09:12
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MUDHFIN(-1)	-0.010106	0.011286	-0.895458	0.3724
C	192.2055	112.7727	1.704362	0.0910

R-squared	0.006807	Mean dependent var	98.44538
Adjusted R-squared	-0.001682	S.D. dependent var	456.5169
S.E. of regression	456.9006	Akaike info criterion	15.10347
Sum squared resid	24424710	Schwarz criterion	15.15018
Log likelihood	-896.6566	Hannan-Quinn criter.	15.12244
F-statistic	0.801845	Durbin-Watson stat	1.807099
Prob(F-statistic)	0.372381		

Table : 6.40.
ADF Unit Root Test of MudhFin

Series: MUDHFIN Workfile: FINANCING OF ISLAMIC BANKS::Pr...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(MUDHFIN)

Null Hypothesis: D(MUDHFIN) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-9.808397	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(MUDHFIN,2)
Method: Least Squares
Date: 11/19/16 Time: 09:12
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(MUDHFIN(-1))	-0.906641	0.092435	-9.808397	0.0000
C	89.90987	43.15990	2.083181	0.0394

R-squared	0.453358	Mean dependent var	0.974576
Adjusted R-squared	0.448645	S.D. dependent var	617.3111
S.E. of regression	458.3736	Akaike info criterion	15.11005
Sum squared resid	24372332	Schwarz criterion	15.15701
Log likelihood	-889.4929	Hannan-Quinn criter.	15.12912
F-statistic	96.20465	Durbin-Watson stat	1.999206
Prob(F-statistic)	0.000000		

Table : 6.41.
PP Unit Root Test of MudhFin

Series: MUDHFIN Workfile: FINANCING OF ISLAMIC BANKS::Pr...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on MUDHFIN

Null Hypothesis: MUDHFIN has a unit root
Exogenous: Constant
Bandwidth: 3 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-0.924591	0.7774
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	205249.7
HAC corrected variance (Bartlett kernel)	232673.6

Phillips-Perron Test Equation
Dependent Variable: D(MUDHFIN)
Method: Least Squares
Date: 11/19/16 Time: 09:13
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MUDHFIN(-1)	-0.010106	0.011286	-0.895458	0.3724
C	192.2055	112.7727	1.704362	0.0910

R-squared	0.006807	Mean dependent var	98.44538
Adjusted R-squared	-0.001682	S.D. dependent var	456.5169
S.E. of regression	456.9006	Akaike info criterion	15.10347
Sum squared resid	24424710	Schwarz criterion	15.15018
Log likelihood	-896.6566	Hannan-Quinn criter.	15.12244
F-statistic	0.801845	Durbin-Watson stat	1.807099
Prob(F-statistic)	0.372381		

Table : 6.42.
PP Unit Root Test of MudhFin

Series: MUDHFIN Workfile: FINANCING OF ISLAMIC BANKS::Pr...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(MUDHFIN)

Null Hypothesis: D(MUDHFIN) has a unit root
Exogenous: Constant
Bandwidth: 4 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-9.785618	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	206545.2
HAC corrected variance (Bartlett kernel)	196114.8

Phillips-Perron Test Equation
Dependent Variable: D(MUDHFIN,2)
Method: Least Squares
Date: 11/24/16 Time: 08:41
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(MUDHFIN(-1))	-0.906641	0.092435	-9.808397	0.0000
C	89.90987	43.15990	2.083181	0.0394

R-squared	0.453358	Mean dependent var	0.974576
Adjusted R-squared	0.448645	S.D. dependent var	617.3111
S.E. of regression	458.3736	Akaike info criterion	15.11005
Sum squared resid	24372332	Schwarz criterion	15.15701
Log likelihood	-889.4929	Hannan-Quinn criter.	15.12912
F-statistic	96.20465	Durbin-Watson stat	1.999206
Prob(F-statistic)	0.000000		

Table : 6.43.
ADF Unit Root Test of MusyFin

Series: MUSYFIN Workfile: FINANCING OF ISLAMIC BANKS::Prof...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on MUSYFIN

Null Hypothesis: MUSYFIN has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		4.250998	1.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(MUSYFIN)
Method: Least Squares
Date: 11/19/16 Time: 09:15
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MUSYFIN(-1)	0.020284	0.004772	4.250998	0.0000
D(MUSYFIN(-1))	-0.209773	0.093595	-2.241291	0.0269
C	190.5490	119.9407	1.588692	0.1149

R-squared	0.140337	Mean dependent var	498.6780
Adjusted R-squared	0.125386	S.D. dependent var	905.2038
S.E. of regression	846.5536	Akaike info criterion	16.34532
Sum squared resid	82415095	Schwarz criterion	16.41576
Log likelihood	-961.3738	Hannan-Quinn criter.	16.37392
F-statistic	9.386684	Durbin-Watson stat	1.958745
Prob(F-statistic)	0.000167		

Table : 6.44.
PP Unit Root Test of MusyFin

Series: MUSYFIN Workfile: FINANCING OF ISLAMIC BANKS::Prof...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on MUSYFIN

Null Hypothesis: MUSYFIN has a unit root
Exogenous: Constant
Bandwidth: 1 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		4.189063	1.0000
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	722856.1
HAC corrected variance (Bartlett kernel)	576221.5

Phillips-Perron Test Equation
Dependent Variable: D(MUSYFIN)
Method: Least Squares
Date: 11/19/16 Time: 09:15
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MUSYFIN(-1)	0.016662	0.004520	3.686022	0.0003
C	162.2712	119.8001	1.354517	0.1782

R-squared	0.104044	Mean dependent var	495.5210
Adjusted R-squared	0.096386	S.D. dependent var	902.0177
S.E. of regression	857.4454	Akaike info criterion	16.36246
Sum squared resid	86019875	Schwarz criterion	16.40916
Log likelihood	-971.5661	Hannan-Quinn criter.	16.38142
F-statistic	13.58676	Durbin-Watson stat	2.389280
Prob(F-statistic)	0.000347		

Table : 6.45.
ADF Unit Root Test of MuraFin

Series: MURAFIN Workfile: FINANCING OF ISLAMIC BANKS::Pro...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on MURAFIN

Null Hypothesis: MURAFIN has a unit root
Exogenous: Constant
Lag Length: 3 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-0.330430	0.9158
Test critical values:	1% level	-3.487550	
	5% level	-2.886509	
	10% level	-2.580163	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(MURAFIN)
Method: Least Squares
Date: 11/24/16 Time: 09:16
Sample (adjusted): 2006M05 2015M12
Included observations: 116 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MURAFIN(-1)	-0.000574	0.001738	-0.330430	0.7417
D(MURAFIN(-1))	0.111234	0.084045	1.323496	0.1884
D(MURAFIN(-2))	0.265491	0.080735	3.288438	0.0013
D(MURAFIN(-3))	0.491976	0.085062	5.783739	0.0000
C	171.4431	121.9455	1.405900	0.1625

R-squared	0.557931	Mean dependent var	962.9655
Adjusted R-squared	0.542001	S.D. dependent var	1053.094
S.E. of regression	712.6881	Akaike info criterion	16.01811
Sum squared resid	56379608	Schwarz criterion	16.13680
Log likelihood	-924.0505	Hannan-Quinn criter.	16.06629
F-statistic	35.02302	Durbin-Watson stat	2.075031
Prob(F-statistic)	0.000000		

Table : 6.46.
ADF Unit Root Test of MuraFin

Series: MURAFIN Workfile: FINANCING OF ISLAMIC BANKS::Pro...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(MURAFIN,2)

Null Hypothesis: D(MURAFIN,2) has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-16.61599	0.0000
Test critical values:	1% level	-3.487550	
	5% level	-2.886509	
	10% level	-2.580163	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(MURAFIN,3)
Method: Least Squares
Date: 11/24/16 Time: 09:17
Sample (adjusted): 2006M05 2015M12
Included observations: 116 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(MURAFIN(-1),2)	-2.377124	0.143062	-16.61599	0.0000
D(MURAFIN(-1),3)	0.532290	0.081178	6.557050	0.0000
C	14.83631	66.63353	0.222655	0.8242

R-squared	0.835441	Mean dependent var	7.525862
Adjusted R-squared	0.832529	S.D. dependent var	1753.665
S.E. of regression	717.6572	Akaike info criterion	16.01538
Sum squared resid	58198606	Schwarz criterion	16.08660
Log likelihood	-925.8922	Hannan-Quinn criter.	16.04429
F-statistic	286.8422	Durbin-Watson stat	2.104967
Prob(F-statistic)	0.000000		

Table : 6.47.
PP Unit Root Test of MuraFin

Series: MURAFIN Workfile: FINANCING OF ISLAMIC BANKS::Pro...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on MURAFIN

Null Hypothesis: MURAFIN has a unit root
Exogenous: Constant
Bandwidth: 9 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		0.785183	0.9934
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	1025973.
HAC corrected variance (Bartlett kernel)	5910098.

Phillips-Perron Test Equation
Dependent Variable: D(MURAFIN)
Method: Least Squares
Date: 11/24/16 Time: 09:20
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MURAFIN(-1)	0.005901	0.002325	2.537632	0.0125
C	624.3033	157.8221	3.955740	0.0001

R-squared	0.052168	Mean dependent var	946.6807
Adjusted R-squared	0.044067	S.D. dependent var	1044.804
S.E. of regression	1021.524	Akaike info criterion	16.71264
Sum squared resid	1.22E+08	Schwarz criterion	16.75935
Log likelihood	-992.4022	Hannan-Quinn criter.	16.73161
F-statistic	6.439577	Durbin-Watson stat	0.945564
Prob(F-statistic)	0.012476		

Table : 6.48.
PP Unit Root Test of MuraFin

Series: MURAFIN Workfile: FINANCING OF ISLAMIC BANKS::Pro...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(MURAFIN)

Null Hypothesis: D(MURAFIN) has a unit root
Exogenous: Constant
Bandwidth: 8 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-6.824649	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	754798.3
HAC corrected variance (Bartlett kernel)	1260915.

Phillips-Perron Test Equation
Dependent Variable: D(MURAFIN,2)
Method: Least Squares
Date: 11/24/16 Time: 09:21
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(MURAFIN(-1))	-0.447787	0.077416	-5.784183	0.0000
C	434.7484	108.6203	4.002459	0.0001

R-squared	0.223856	Mean dependent var	13.99153
Adjusted R-squared	0.217165	S.D. dependent var	990.3582
S.E. of regression	876.2488	Akaike info criterion	16.40598
Sum squared resid	89066194	Schwarz criterion	16.45294
Log likelihood	-965.9529	Hannan-Quinn criter.	16.42505
F-statistic	33.45677	Durbin-Watson stat	2.453417
Prob(F-statistic)	0.000000		

Table : 6.49.
ADF Unit Root Test of PSRDEP

Series: PSRDEP Workfile: PROFITABILITY OF ISLAMIC BANKS::P...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on PSRDEP

Null Hypothesis: PSRDEP has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-2.541660	0.1084
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSRDEP)
Method: Least Squares
Date: 11/22/16 Time: 08:48
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSRDEP(-1)	-0.125719	0.049463	-2.541660	0.0124
D(PSRDEP(-1))	-0.225551	0.089976	-2.506788	0.0136
C	0.625328	0.250899	2.492345	0.0141

R-squared	0.131610	Mean dependent var	-0.006441
Adjusted R-squared	0.116508	S.D. dependent var	0.339991
S.E. of regression	0.319572	Akaike info criterion	0.581428
Sum squared resid	11.74454	Schwarz criterion	0.651869
Log likelihood	-31.30427	Hannan-Quinn criter.	0.610030
F-statistic	8.714517	Durbin-Watson stat	2.049689
Prob(F-statistic)	0.000299		

Table : 6.50.
ADF Unit Root Test of PSRDEP

Series: PSRDEP Workfile: PROFITABILITY OF ISLAMIC BANKS::Pr...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(PSRDEP)

Null Hypothesis: D(PSRDEP) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-14.51312	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSRDEP,2)
Method: Least Squares
Date: 11/22/16 Time: 08:50
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSRDEP(-1))	-1.287027	0.088680	-14.51312	0.0000
C	-0.007973	0.030107	-0.264825	0.7916

R-squared	0.644859	Mean dependent var	-0.001102
Adjusted R-squared	0.641797	S.D. dependent var	0.546377
S.E. of regression	0.327007	Akaike info criterion	0.619132
Sum squared resid	12.40428	Schwarz criterion	0.666093
Log likelihood	-34.52881	Hannan-Quinn criter.	0.638200
F-statistic	210.6308	Durbin-Watson stat	2.080066
Prob(F-statistic)	0.000000		

Table : 6.51.
PP Unit Root Test of PSRDEP

Series: PSRDEP Workfile: PROFITABILITY OF ISLAMIC BANKS::Pr...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on PSRDEP

Null Hypothesis: PSRDEP has a unit root
Exogenous: Constant
Bandwidth: 1 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-2.891848	0.0493
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.105651
HAC corrected variance (Bartlett kernel)	0.084866

Phillips-Perron Test Equation
Dependent Variable: D(PSRDEP)
Method: Least Squares
Date: 11/22/16 Time: 08:51
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSRDEP(-1)	-0.153768	0.048705	-3.157126	0.0020
C	0.771382	0.247281	3.119455	0.0023

R-squared	0.078504	Mean dependent var	-0.003529
Adjusted R-squared	0.070628	S.D. dependent var	0.340034
S.E. of regression	0.327806	Akaike info criterion	0.623875
Sum squared resid	12.57245	Schwarz criterion	0.670583
Log likelihood	-35.12055	Hannan-Quinn criter.	0.642841
F-statistic	9.967443	Durbin-Watson stat	2.375648
Prob(F-statistic)	0.002027		

Table : 6.52.
PP Unit Root Test of PSRDEP

Series: PSRDEP Workfile: PROFITABILITY OF ISLAMIC BANKS::Pr...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(PSRDEP)

Null Hypothesis: D(PSRDEP) has a unit root
Exogenous: Constant
Bandwidth: 11 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-15.91949	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.105121
HAC corrected variance (Bartlett kernel)	0.065321

Phillips-Perron Test Equation
Dependent Variable: D(PSRDEP,2)
Method: Least Squares
Date: 11/22/16 Time: 08:51
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSRDEP(-1))	-1.287027	0.088680	-14.51312	0.0000
C	-0.007973	0.030107	-0.264825	0.7916

R-squared	0.644859	Mean dependent var	-0.001102
Adjusted R-squared	0.641797	S.D. dependent var	0.546377
S.E. of regression	0.327007	Akaike info criterion	0.619132
Sum squared resid	12.40428	Schwarz criterion	0.666093
Log likelihood	-34.52881	Hannan-Quinn criter.	0.638200
F-statistic	210.6308	Durbin-Watson stat	2.080066
Prob(F-statistic)	0.000000		

Table : 6.53.
ADF Unit Root Test of PSRWadSav

Series: PSRWADSAV Workfile: DEPOSITS OF ISLAMIC BANKS::Pr...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on PSRWADSAV

Null Hypothesis: PSRWADSAV has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-3.667934	0.0058
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSRWADSAV)
Method: Least Squares
Date: 11/18/16 Time: 10:55
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSRWADSAV(-1)	-0.206617	0.056331	-3.667934	0.0004
C	0.223502	0.062605	3.570031	0.0005

R-squared	0.103130	Mean dependent var	0.001849
Adjusted R-squared	0.095465	S.D. dependent var	0.187635
S.E. of regression	0.178454	Akaike info criterion	-0.592311
Sum squared resid	3.725949	Schwarz criterion	-0.545603
Log likelihood	37.24253	Hannan-Quinn criter.	-0.573345
F-statistic	13.45374	Durbin-Watson stat	2.196331
Prob(F-statistic)	0.000369		

Table : 6.54.
PP Unit Root Test of PSRWadSav

Series: PSRWADSAV Workfile: DEPOSITS OF ISLAMIC BANKS::Pr...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on PSRWADSAV

Null Hypothesis: PSRWADSAV has a unit root
Exogenous: Constant
Bandwidth: 4 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-3.573423	0.0077
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.031310
HAC corrected variance (Bartlett kernel)	0.029348

Phillips-Perron Test Equation
Dependent Variable: D(PSRWADSAV)
Method: Least Squares
Date: 11/18/16 Time: 10:56
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSRWADSAV(-1)	-0.206617	0.056331	-3.667934	0.0004
C	0.223502	0.062605	3.570031	0.0005

R-squared	0.103130	Mean dependent var	0.001849
Adjusted R-squared	0.095465	S.D. dependent var	0.187635
S.E. of regression	0.178454	Akaike info criterion	-0.592311
Sum squared resid	3.725949	Schwarz criterion	-0.545603
Log likelihood	37.24253	Hannan-Quinn criter.	-0.573345
F-statistic	13.45374	Durbin-Watson stat	2.196331
Prob(F-statistic)	0.000369		

Table : 6.55.
ADF Unit Root Test of PSRMudhSav

Series: PSRMUDHSAV Workfile: DEPOSITS OF ISLAMIC BANKS::...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on PSRMUDHSAV

Null Hypothesis: PSRMUDHSAV has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-2.844455	0.0552
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSRMUDHSAV)
Method: Least Squares
Date: 11/18/16 Time: 10:57
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSRMUDHSAV(-1)	-0.129575	0.045554	-2.844455	0.0053
C	0.440088	0.159096	2.766172	0.0066

R-squared	0.064680	Mean dependent var	0.001176
Adjusted R-squared	0.056686	S.D. dependent var	0.435272
S.E. of regression	0.422755	Akaike info criterion	1.132614
Sum squared resid	20.91041	Schwarz criterion	1.179322
Log likelihood	-65.39055	Hannan-Quinn criter.	1.151581
F-statistic	8.090925	Durbin-Watson stat	2.100408
Prob(F-statistic)	0.005253		

Table : 6.56.
ADF Unit Root Test of PSRMudhSav

Series: PSRMUDHSAV Workfile: DEPOSITS OF ISLAMIC BANKS::...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(PSRMUDHSAV)

Null Hypothesis: D(PSRMUDHSAV) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-12.14543	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSRMUDHSAV,2)
Method: Least Squares
Date: 11/18/16 Time: 10:57
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSRMUDHSAV(-1))	-1.119639	0.092186	-12.14543	0.0000
C	0.000180	0.040111	0.004478	0.9964

R-squared	0.559792	Mean dependent var	8.47E-05
Adjusted R-squared	0.555997	S.D. dependent var	0.653899
S.E. of regression	0.435716	Akaike info criterion	1.193153
Sum squared resid	22.02244	Schwarz criterion	1.240113
Log likelihood	-68.39600	Hannan-Quinn criter.	1.212220
F-statistic	147.5116	Durbin-Watson stat	1.998294
Prob(F-statistic)	0.000000		

Table : 6.57.
PP Unit Root Test of PSRMudhSav

Series: PSRMUDHSAV Workfile: DEPOSITS OF ISLAMIC BANKS::...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on PSRMUDHSAV

Null Hypothesis: PSRMUDHSAV has a unit root
Exogenous: Constant
Bandwidth: 3 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-2.835969	0.0563
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.175718
HAC corrected variance (Bartlett kernel)	0.174541

Phillips-Perron Test Equation
Dependent Variable: D(PSRMUDHSAV)
Method: Least Squares
Date: 11/18/16 Time: 10:58
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSRMUDHSAV(-1)	-0.129575	0.045554	-2.844455	0.0053
C	0.440088	0.159096	2.766172	0.0066

R-squared	0.064680	Mean dependent var	0.001176
Adjusted R-squared	0.056686	S.D. dependent var	0.435272
S.E. of regression	0.422755	Akaike info criterion	1.132614
Sum squared resid	20.91041	Schwarz criterion	1.179322
Log likelihood	-65.39055	Hannan-Quinn criter.	1.151581
F-statistic	8.090925	Durbin-Watson stat	2.100408
Prob(F-statistic)	0.005253		

Table : 6.58.
PP Unit Root Test of PSRMudhSav

Series: PSRMUDHSAV Workfile: DEPOSITS OF ISLAMIC BANKS::...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(PSRMUDHSAV)

Null Hypothesis: D(PSRMUDHSAV) has a unit root
Exogenous: Constant
Bandwidth: 3 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-12.16719	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.186631
HAC corrected variance (Bartlett kernel)	0.181117

Phillips-Perron Test Equation
Dependent Variable: D(PSRMUDHSAV,2)
Method: Least Squares
Date: 11/18/16 Time: 10:58
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSRMUDHSAV(-1))	-1.119639	0.092186	-12.14543	0.0000
C	0.000180	0.040111	0.004478	0.9964

R-squared	0.559792	Mean dependent var	8.47E-05
Adjusted R-squared	0.555997	S.D. dependent var	0.653899
S.E. of regression	0.435716	Akaike info criterion	1.193153
Sum squared resid	22.02244	Schwarz criterion	1.240113
Log likelihood	-68.39600	Hannan-Quinn criter.	1.212220
F-statistic	147.5116	Durbin-Watson stat	1.998294
Prob(F-statistic)	0.000000		

Table : 6.59.
ADF Unit Root Test of PSRMudhDep

Series: PSRMUDHDEP Workfile: DEPOSITS OF ISLAMIC BANKS::...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on PSRMUDHDEP

Null Hypothesis: PSRMUDHDEP has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-2.727165	0.0724
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSRMUDHDEP)
Method: Least Squares
Date: 11/18/16 Time: 11:01
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSRMUDHDEP(-1)	-0.117169	0.042964	-2.727165	0.0074
C	0.795558	0.297381	2.675219	0.0085

R-squared	0.059768	Mean dependent var	-0.004874
Adjusted R-squared	0.051732	S.D. dependent var	0.536190
S.E. of regression	0.522137	Akaike info criterion	1.554889
Sum squared resid	31.89733	Schwarz criterion	1.601597
Log likelihood	-90.51592	Hannan-Quinn criter.	1.573856
F-statistic	7.437432	Durbin-Watson stat	2.330702
Prob(F-statistic)	0.007372		

Table : 6.60.
ADF Unit Root Test of PSRMudhDep

Series: PSRMUDHDEP Workfile: DEPOSITS OF ISLAMIC BANKS::...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(PSRMUDHDEP)

Null Hypothesis: D(PSRMUDHDEP) has a unit root
Exogenous: Constant
Lag Length: 2 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-9.518721	0.0000
Test critical values:	1% level	-3.487550	
	5% level	-2.886509	
	10% level	-2.580163	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSRMUDHDEP,2)
Method: Least Squares
Date: 11/18/16 Time: 11:01
Sample (adjusted): 2006M05 2015M12
Included observations: 116 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSRMUDHDEP(-1))	-1.886441	0.198182	-9.518721	0.0000
D(PSRMUDHDEP(-1),2)	0.533537	0.148669	3.588759	0.0005
D(PSRMUDHDEP(-2),2)	0.238166	0.091248	2.610111	0.0103
C	-0.020023	0.046628	-0.429420	0.6684

R-squared	0.661261	Mean dependent var	0.002759
Adjusted R-squared	0.652187	S.D. dependent var	0.850602
S.E. of regression	0.501648	Akaike info criterion	1.492039
Sum squared resid	28.18491	Schwarz criterion	1.586991
Log likelihood	-82.53827	Hannan-Quinn criter.	1.530584
F-statistic	72.87925	Durbin-Watson stat	2.028829
Prob(F-statistic)	0.000000		

Table : 6.61.
PP Unit Root Test of PSRMudhDep

Series: PSRMUDHDEP Workfile: DEPOSITS OF ISLAMIC BANKS::P...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on PSRMUDHDEP

Null Hypothesis: PSRMUDHDEP has a unit root
Exogenous: Constant
Bandwidth: 1 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-2.512593	0.1150
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.268045
HAC corrected variance (Bartlett kernel)	0.220810

Phillips-Perron Test Equation
Dependent Variable: D(PSRMUDHDEP)
Method: Least Squares
Date: 11/18/16 Time: 11:02
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSRMUDHDEP(-1)	-0.117169	0.042964	-2.727165	0.0074
C	0.795558	0.297381	2.675219	0.0085

R-squared	0.059768	Mean dependent var	-0.004874
Adjusted R-squared	0.051732	S.D. dependent var	0.536190
S.E. of regression	0.522137	Akaike info criterion	1.554889
Sum squared resid	31.89733	Schwarz criterion	1.601597
Log likelihood	-90.51592	Hannan-Quinn criter.	1.573856
F-statistic	7.437432	Durbin-Watson stat	2.330702
Prob(F-statistic)	0.007372		

Table : 6.62.
PP Unit Root Test of PSRMudhDep

Series: PSRMUDHDEP Workfile: DEPOSITS OF ISLAMIC BANKS::...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(PSRMUDHDEP)

Null Hypothesis: D(PSRMUDHDEP) has a unit root
Exogenous: Constant
Bandwidth: 15 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-15.91500	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.266811
HAC corrected variance (Bartlett kernel)	0.133411

Phillips-Perron Test Equation
Dependent Variable: D(PSRMUDHDEP,2)
Method: Least Squares
Date: 11/18/16 Time: 11:02
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSRMUDHDEP(-1))	-1.242907	0.089585	-13.87400	0.0000
C	-0.012361	0.047964	-0.257716	0.7971

R-squared	0.623972	Mean dependent var	-0.002881
Adjusted R-squared	0.620731	S.D. dependent var	0.845942
S.E. of regression	0.520972	Akaike info criterion	1.550562
Sum squared resid	31.48375	Schwarz criterion	1.597523
Log likelihood	-89.48317	Hannan-Quinn criter.	1.569630
F-statistic	192.4880	Durbin-Watson stat	2.109150
Prob(F-statistic)	0.000000		

Table : 6.63.
ADF Unit Root Test of PSRMudhDep01

Series: PSR_MUDHDEP01 Workfile: DEPOSITS OF ISLAMIC BAN...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on PSR_MUDHDEP01

Null Hypothesis: PSR_MUDHDEP01 has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-2.861993	0.0543
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSR_MUDHDEP01)
Method: Least Squares
Date: 11/21/16 Time: 10:54
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSR_MUDHDEP01(-1)	-0.181488	0.063413	-2.861993	0.0054
C	1.204716	0.426841	2.822399	0.0060

R-squared	0.091837	Mean dependent var	-0.002530
Adjusted R-squared	0.080625	S.D. dependent var	0.620236
S.E. of regression	0.594707	Akaike info criterion	1.822306
Sum squared resid	28.64780	Schwarz criterion	1.880591
Log likelihood	-73.62570	Hannan-Quinn criter.	1.845722
F-statistic	8.191006	Durbin-Watson stat	2.360862
Prob(F-statistic)	0.005356		

Table : 6.64.
ADF Unit Root Test of PSRMudhDep01

Series: PSR_MUDHDEP01 Workfile: DEPOSITS OF ISLAMIC BANKS ...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph | St

Augmented Dickey-Fuller Unit Root Test on D(PSR_MUDHDEP01)

Null Hypothesis: D(PSR_MUDHDEP01) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-12.16046	0.0001
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSR_MUDHDEP01,2)
Method: Least Squares
Date: 11/21/16 Time: 10:54
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSR_MUDHDEP01(-1))	-1.295992	0.106574	-12.16046	0.0000
C	-0.010048	0.066001	-0.152237	0.8794

R-squared	0.648933	Mean dependent var	-0.001829
Adjusted R-squared	0.644545	S.D. dependent var	1.002402
S.E. of regression	0.597633	Akaike info criterion	1.832408
Sum squared resid	28.57320	Schwarz criterion	1.891108
Log likelihood	-73.12871	Hannan-Quinn criter.	1.855975
F-statistic	147.8768	Durbin-Watson stat	2.077691
Prob(F-statistic)	0.000000		

Table : 6.65.
PP Unit Root Test of PSRMudhDep01

Series: PSR_MUDHDEP01 Workfile: DEPOSITS OF ISLAMIC BAN...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on PSR_MUDHDEP01

Null Hypothesis: PSR_MUDHDEP01 has a unit root
Exogenous: Constant
Bandwidth: 1 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-2.630511	0.0910
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.345154
HAC corrected variance (Bartlett kernel)	0.279399

Phillips-Perron Test Equation
Dependent Variable: D(PSR_MUDHDEP01)
Method: Least Squares
Date: 11/21/16 Time: 10:54
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSR_MUDHDEP01(-1)	-0.181488	0.063413	-2.861993	0.0054
C	1.204716	0.426841	2.822399	0.0060

R-squared	0.091837	Mean dependent var	-0.002530
Adjusted R-squared	0.080625	S.D. dependent var	0.620236
S.E. of regression	0.594707	Akaike info criterion	1.822306
Sum squared resid	28.64780	Schwarz criterion	1.880591
Log likelihood	-73.62570	Hannan-Quinn criter.	1.845722
F-statistic	8.191006	Durbin-Watson stat	2.360862
Prob(F-statistic)	0.005356		

Table : 6.66.
PP Unit Root Test of PSRMudhDep01

Series: PSR_MUDHDEP01 Workfile: DEPOSITS OF ISLAMIC BANKS 2...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph | Sta

Phillips-Perron Unit Root Test on D(PSR_MUDHDEP01)

Null Hypothesis: D(PSR_MUDHDEP01) has a unit root
Exogenous: Constant
Bandwidth: 7 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-12.67035	0.0001
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.348454
HAC corrected variance (Bartlett kernel)	0.274346

Phillips-Perron Test Equation
Dependent Variable: D(PSR_MUDHDEP01,2)
Method: Least Squares
Date: 11/21/16 Time: 10:55
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSR_MUDHDEP01(-1))	-1.295992	0.106574	-12.16046	0.0000
C	-0.010048	0.066001	-0.152237	0.8794

R-squared	0.648933	Mean dependent var	-0.001829
Adjusted R-squared	0.644545	S.D. dependent var	1.002402
S.E. of regression	0.597633	Akaike info criterion	1.832408
Sum squared resid	28.57320	Schwarz criterion	1.891108
Log likelihood	-73.12871	Hannan-Quinn criter.	1.855975
F-statistic	147.8768	Durbin-Watson stat	2.077691
Prob(F-statistic)	0.000000		

Table : 6.67.
ADF Unit Root Test of PSRMudhDep03

Series: PSR_MUDHDEP03 Workfile: DEPOSITS OF ISLAMIC BAN...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on PSR_MUDHDEP03

Null Hypothesis: PSR_MUDHDEP03 has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-2.384219	0.1493
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSR_MUDHDEP03)
Method: Least Squares
Date: 11/21/16 Time: 10:56
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSR_MUDHDEP03(-1)	-0.132119	0.055414	-2.384219	0.0195
C	0.926904	0.393011	2.358470	0.0208

R-squared	0.065577	Mean dependent var	0.001687
Adjusted R-squared	0.054041	S.D. dependent var	0.582547
S.E. of regression	0.566587	Akaike info criterion	1.725430
Sum squared resid	26.00272	Schwarz criterion	1.783716
Log likelihood	-69.60536	Hannan-Quinn criter.	1.748846
F-statistic	5.684500	Durbin-Watson stat	1.952017
Prob(F-statistic)	0.019453		

Table : 6.68.
ADF Unit Root Test of PSRMudhDep03

Series: PSR_MUDHDEP03 Workfile: DEPOSITS OF ISLAMIC BANKS ...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph | St

Augmented Dickey-Fuller Unit Root Test on D(PSR_MUDHDEP03)

Null Hypothesis: D(PSR_MUDHDEP03) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-10.08420	0.0000
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSR_MUDHDEP03,2)
Method: Least Squares
Date: 11/21/16 Time: 10:56
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSR_MUDHDEP03(-1))	-1.083472	0.107443	-10.08420	0.0000
C	-0.015630	0.062502	-0.250076	0.8032

R-squared	0.559692	Mean dependent var	-0.013780
Adjusted R-squared	0.554188	S.D. dependent var	0.847667
S.E. of regression	0.565980	Akaike info criterion	1.723573
Sum squared resid	25.62669	Schwarz criterion	1.782273
Log likelihood	-68.66648	Hannan-Quinn criter.	1.747140
F-statistic	101.6910	Durbin-Watson stat	2.068013
Prob(F-statistic)	0.000000		

Table : 6.69.
PP Unit Root Test of PSRMudhDep03

Series: PSR_MUDHDEP03 Workfile: DEPOSITS OF ISLAMIC BANK...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on PSR_MUDHDEP03

Null Hypothesis: PSR_MUDHDEP03 has a unit root
Exogenous: Constant
Bandwidth: 3 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-2.292011	0.1770
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.313286
HAC corrected variance (Bartlett kernel)	0.287042

Phillips-Perron Test Equation
Dependent Variable: D(PSR_MUDHDEP03)
Method: Least Squares
Date: 11/21/16 Time: 10:56
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSR_MUDHDEP03(-1)	-0.132119	0.055414	-2.384219	0.0195
C	0.926904	0.393011	2.358470	0.0208

R-squared	0.065577	Mean dependent var	0.001687
Adjusted R-squared	0.054041	S.D. dependent var	0.582547
S.E. of regression	0.566587	Akaike info criterion	1.725430
Sum squared resid	26.00272	Schwarz criterion	1.783716
Log likelihood	-69.60536	Hannan-Quinn criter.	1.748846
F-statistic	5.684500	Durbin-Watson stat	1.952017
Prob(F-statistic)	0.019453		

Table : 6.70.
PP Unit Root Test of PSRMudhDep03

Series: PSR_MUDHDEP03 Workfile: DEPOSITS OF ISLAMIC BANKS ...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph | St

Phillips-Perron Unit Root Test on D(PSR_MUDHDEP03)

Null Hypothesis: D(PSR_MUDHDEP03) has a unit root
Exogenous: Constant
Bandwidth: 6 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-10.36391	0.0000
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.312521
HAC corrected variance (Bartlett kernel)	0.238477

Phillips-Perron Test Equation
Dependent Variable: D(PSR_MUDHDEP03,2)
Method: Least Squares
Date: 11/21/16 Time: 10:57
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSR_MUDHDEP03(-1))	-1.083472	0.107443	-10.08420	0.0000
C	-0.015630	0.062502	-0.250076	0.8032

R-squared	0.559692	Mean dependent var	-0.013780
Adjusted R-squared	0.554188	S.D. dependent var	0.847667
S.E. of regression	0.565980	Akaike info criterion	1.723573
Sum squared resid	25.62669	Schwarz criterion	1.782273
Log likelihood	-68.66648	Hannan-Quinn criter.	1.747140
F-statistic	101.6910	Durbin-Watson stat	2.068013
Prob(F-statistic)	0.000000		

Table : 6.71.
ADF Unit Root Test of PSRMudhDep12

Series: PSR_MUDHDEP12 Workfile: DEPOSITS OF ISLAMIC BANKS ...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph | St

Augmented Dickey-Fuller Unit Root Test on PSR_MUDHDEP12

Null Hypothesis: PSR_MUDHDEP12 has a unit root
Exogenous: Constant
Lag Length: 2 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-1.468042	0.5447
Test critical values:	1% level	-3.513344	
	5% level	-2.897678	
	10% level	-2.586103	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSR_MUDHDEP12)
Method: Least Squares
Date: 11/21/16 Time: 10:57
Sample (adjusted): 2009M04 2015M12
Included observations: 81 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSR_MUDHDEP12(-1)	-0.092260	0.062846	-1.468042	0.1462
D(PSR_MUDHDEP12(-1))	-0.310025	0.110253	-2.811956	0.0062
D(PSR_MUDHDEP12(-2))	-0.343612	0.106319	-3.231878	0.0018
C	0.620745	0.442011	1.404366	0.1642

R-squared	0.226596	Mean dependent var	-0.008519
Adjusted R-squared	0.196463	S.D. dependent var	0.601841
S.E. of regression	0.539492	Akaike info criterion	1.651743
Sum squared resid	22.41095	Schwarz criterion	1.769987
Log likelihood	-62.89559	Hannan-Quinn criter.	1.699184
F-statistic	7.519953	Durbin-Watson stat	1.980670
Prob(F-statistic)	0.000177		

Table : 6.72.
ADF Unit Root Test of PSRMudhDep12

Series: PSR_MUDHDEP12 Workfile: DEPOSITS OF ISLAMIC BANKS 20...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph | Stat

Augmented Dickey-Fuller Unit Root Test on D(PSR_MUDHDEP12)

Null Hypothesis: D(PSR_MUDHDEP12) has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-10.51032	0.0001
Test critical values:	1% level	-3.513344	
	5% level	-2.897678	
	10% level	-2.586103	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSR_MUDHDEP12,2)
Method: Least Squares
Date: 11/21/16 Time: 10:58
Sample (adjusted): 2009M04 2015M12
Included observations: 81 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSR_MUDHDEP12(-1))	-1.743661	0.165900	-10.51032	0.0000
D(PSR_MUDHDEP12(-1),2)	0.378764	0.104352	3.629671	0.0005
C	-0.022136	0.060462	-0.366104	0.7153

R-squared	0.686342	Mean dependent var	0.007654
Adjusted R-squared	0.678299	S.D. dependent var	0.958189
S.E. of regression	0.543472	Akaike info criterion	1.654656
Sum squared resid	23.03821	Schwarz criterion	1.743339
Log likelihood	-64.01356	Hannan-Quinn criter.	1.690237
F-statistic	85.33920	Durbin-Watson stat	2.003723
Prob(F-statistic)	0.000000		

Table : 6.73.
PP Unit Root Test of PSRMudhDep12

Series: PSR_MUDHDEP12 Workfile: DEPOSITS OF ISLAMIC BAN...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on PSR_MUDHDEP12

Null Hypothesis: PSR_MUDHDEP12 has a unit root
Exogenous: Constant
Bandwidth: 1 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-2.658979	0.0856
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.319898
HAC corrected variance (Bartlett kernel)	0.269081

Phillips-Perron Test Equation
Dependent Variable: D(PSR_MUDHDEP12)
Method: Least Squares
Date: 11/21/16 Time: 11:00
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSR_MUDHDEP12(-1)	-0.174836	0.061570	-2.839630	0.0057
C	1.202646	0.433910	2.771649	0.0069

R-squared	0.090536	Mean dependent var	-0.016506
Adjusted R-squared	0.079309	S.D. dependent var	0.596685
S.E. of regression	0.572535	Akaike info criterion	1.746316
Sum squared resid	26.55150	Schwarz criterion	1.804601
Log likelihood	-70.47210	Hannan-Quinn criter.	1.769731
F-statistic	8.063497	Durbin-Watson stat	2.316375
Prob(F-statistic)	0.005709		

Table : 6.74.
PP Unit Root Test of PSRMudhDep12

Series: PSR_MUDHDEP12 Workfile: DEPOSITS OF ISLAMIC BANKS ...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph | St

Phillips-Perron Unit Root Test on D(PSR_MUDHDEP12)

Null Hypothesis: D(PSR_MUDHDEP12) has a unit root
Exogenous: Constant
Bandwidth: 11 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-13.65792	0.0001
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.330807
HAC corrected variance (Bartlett kernel)	0.156082

Phillips-Perron Test Equation
Dependent Variable: D(PSR_MUDHDEP12,2)
Method: Least Squares
Date: 11/21/16 Time: 11:01
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSR_MUDHDEP12(-1))	-1.261195	0.107893	-11.68932	0.0000
C	-0.018177	0.064339	-0.282519	0.7783

R-squared	0.630724	Mean dependent var	0.006585
Adjusted R-squared	0.626108	S.D. dependent var	0.952305
S.E. of regression	0.582303	Akaike info criterion	1.780436
Sum squared resid	27.12614	Schwarz criterion	1.839137
Log likelihood	-70.99788	Hannan-Quinn criter.	1.804003
F-statistic	136.6402	Durbin-Watson stat	2.196730
Prob(F-statistic)	0.000000		

Table : 6.75.
ADF Unit Root Test of PSRFIN

Series: PSRFIN Workfile: PROFITABILITY OF ISLAMIC BANKS::Pr...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on PSRFIN

Null Hypothesis: PSRFIN has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-1.657788	0.4500
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSRFIN)
Method: Least Squares
Date: 11/23/16 Time: 08:46
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSRFIN(-1)	-0.065506	0.039514	-1.657788	0.1001
D(PSRFIN(-1))	-0.314853	0.088671	-3.550816	0.0006
C	0.847198	0.513775	1.648969	0.1019

R-squared	0.141711	Mean dependent var	-0.001780
Adjusted R-squared	0.126784	S.D. dependent var	0.442291
S.E. of regression	0.413304	Akaike info criterion	1.095826
Sum squared resid	19.64428	Schwarz criterion	1.166267
Log likelihood	-61.65375	Hannan-Quinn criter.	1.124428
F-statistic	9.493748	Durbin-Watson stat	1.952003
Prob(F-statistic)	0.000153		

Table : 6.76.
ADF Unit Root Test of PSRFIN

Series: PSRFIN Workfile: PROFITABILITY OF ISLAMIC BANKS::Pr...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(PSRFIN)

Null Hypothesis: D(PSRFIN) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-15.49079	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSRFIN,2)
Method: Least Squares
Date: 11/23/16 Time: 08:47
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSRFIN(-1))	-1.348077	0.087024	-15.49079	0.0000
C	-0.002193	0.038333	-0.057199	0.9545

R-squared	0.674125	Mean dependent var	-0.000593
Adjusted R-squared	0.671316	S.D. dependent var	0.726320
S.E. of regression	0.416406	Akaike info criterion	1.102494
Sum squared resid	20.11374	Schwarz criterion	1.149455
Log likelihood	-63.04715	Hannan-Quinn criter.	1.121561
F-statistic	239.9647	Durbin-Watson stat	1.966441
Prob(F-statistic)	0.000000		

Table : 6.77.
PP Unit Root Test of PSRFIN

Series: PSRFIN Workfile: PROFITABILITY OF ISLAMIC BANKS::Pr...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on PSRFIN

Null Hypothesis: PSRFIN has a unit root
Exogenous: Constant
Bandwidth: 1 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-2.077544	0.2541
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.183179
HAC corrected variance (Bartlett kernel)	0.131249

Phillips-Perron Test Equation
Dependent Variable: D(PSRFIN)
Method: Least Squares
Date: 11/23/16 Time: 08:47
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSRFIN(-1)	-0.097071	0.039989	-2.427416	0.0167
C	1.256704	0.519637	2.418428	0.0171

R-squared	0.047947	Mean dependent var	-0.001008
Adjusted R-squared	0.039810	S.D. dependent var	0.440494
S.E. of regression	0.431636	Akaike info criterion	1.174198
Sum squared resid	21.79828	Schwarz criterion	1.220906
Log likelihood	-67.86477	Hannan-Quinn criter.	1.193164
F-statistic	5.892349	Durbin-Watson stat	2.566527
Prob(F-statistic)	0.016731		

Table : 6.78.
PP Unit Root Test of PSRFIN

Series: PSRFIN Workfile: PROFITABILITY OF ISLAMIC BANKS::Pr...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(PSRFIN)

Null Hypothesis: D(PSRFIN) has a unit root
Exogenous: Constant
Bandwidth: 2 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-15.31878	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.170455
HAC corrected variance (Bartlett kernel)	0.182481

Phillips-Perron Test Equation
Dependent Variable: D(PSRFIN,2)
Method: Least Squares
Date: 11/23/16 Time: 08:48
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSRFIN(-1))	-1.348077	0.087024	-15.49079	0.0000
C	-0.002193	0.038333	-0.057199	0.9545

R-squared	0.674125	Mean dependent var	-0.000593
Adjusted R-squared	0.671316	S.D. dependent var	0.726320
S.E. of regression	0.416406	Akaike info criterion	1.102494
Sum squared resid	20.11374	Schwarz criterion	1.149455
Log likelihood	-63.04715	Hannan-Quinn criter.	1.121561
F-statistic	239.9647	Durbin-Watson stat	1.966441
Prob(F-statistic)	0.000000		

Table : 6.79.
ADF Unit Root Test of PSR_{pls}

Series: PSRPLS Workfile: FINANCING OF ISLAMIC BANKS::Profita...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on PSRPLS

Null Hypothesis: PSRPLS has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-2.983118	0.0394
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSRPLS)
Method: Least Squares
Date: 11/19/16 Time: 09:19
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSRPLS(-1)	-0.137512	0.046097	-2.983118	0.0035
C	1.936716	0.651420	2.973069	0.0036

R-squared	0.070684	Mean dependent var	0.002605
Adjusted R-squared	0.062741	S.D. dependent var	0.711520
S.E. of regression	0.688837	Akaike info criterion	2.109041
Sum squared resid	55.51615	Schwarz criterion	2.155749
Log likelihood	-123.4879	Hannan-Quinn criter.	2.128008
F-statistic	8.898994	Durbin-Watson stat	2.369356
Prob(F-statistic)	0.003473		

Table : 6.80.

ADF Unit Root Test of PSR_{pls}

Series: PSRPLS Workfile: FINANCING OF ISLAMIC BANKS::Profita...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(PSRPLS)

Null Hypothesis: D(PSRPLS) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-14.19364	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSRPLS,2)
Method: Least Squares
Date: 11/19/16 Time: 09:20
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSRPLS(-1))	-1.267622	0.089309	-14.19364	0.0000
C	-0.000756	0.063538	-0.011891	0.9905

R-squared	0.634599	Mean dependent var	-0.002797
Adjusted R-squared	0.631449	S.D. dependent var	1.136906
S.E. of regression	0.690198	Akaike info criterion	2.113126
Sum squared resid	55.25925	Schwarz criterion	2.160087
Log likelihood	-122.6745	Hannan-Quinn criter.	2.132194
F-statistic	201.4593	Durbin-Watson stat	2.056899
Prob(F-statistic)	0.000000		

Table : 6.81.
PP Unit Root Test of PSR_{pls}

Series: PSRPLS Workfile: FINANCING OF ISLAMIC BANKS::Profit...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on PSRPLS

Null Hypothesis: PSRPLS has a unit root
Exogenous: Constant
Bandwidth: 0 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-2.983118	0.0394
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.466522
HAC corrected variance (Bartlett kernel)	0.466522

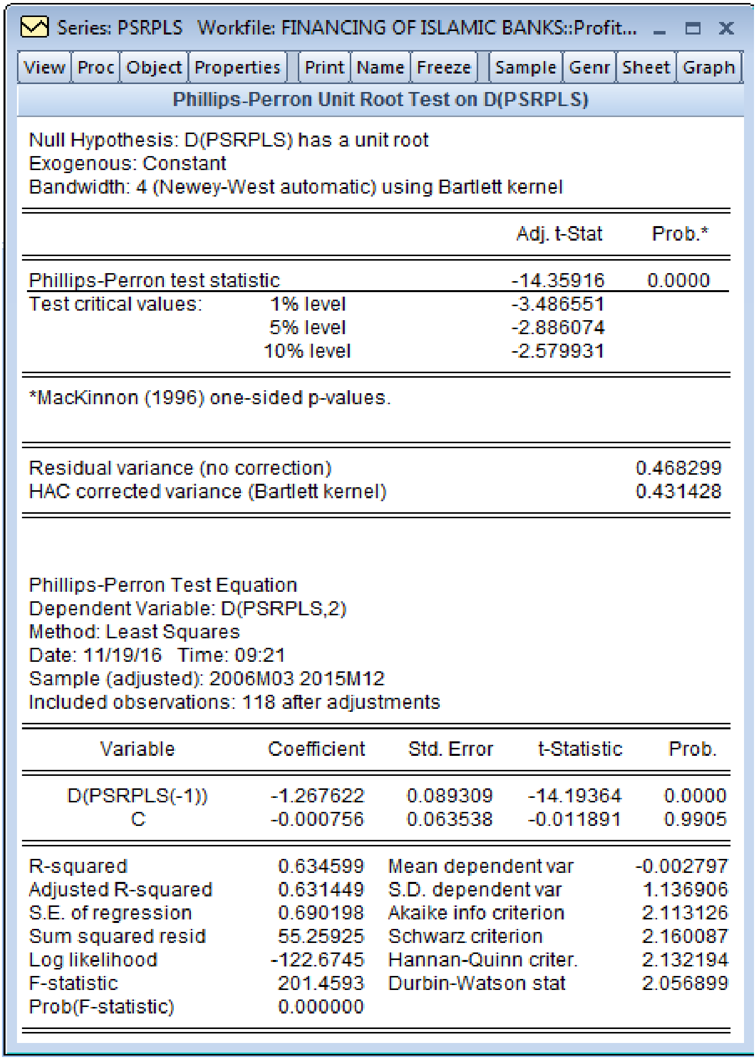
Phillips-Perron Test Equation
Dependent Variable: D(PSRPLS)
Method: Least Squares
Date: 11/19/16 Time: 09:21
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSRPLS(-1)	-0.137512	0.046097	-2.983118	0.0035
C	1.936716	0.651420	2.973069	0.0036

R-squared	0.070684	Mean dependent var	0.002605
Adjusted R-squared	0.062741	S.D. dependent var	0.711520
S.E. of regression	0.688837	Akaike info criterion	2.109041
Sum squared resid	55.51615	Schwarz criterion	2.155749
Log likelihood	-123.4879	Hannan-Quinn criter.	2.128008
F-statistic	8.898994	Durbin-Watson stat	2.369356
Prob(F-statistic)	0.003473		

Table : 6.82.

PP Unit Root Test of PSR_{pls}



Series: PSRPLS Workfile: FINANCING OF ISLAMIC BANKS::Profit...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(PSRPLS)

Null Hypothesis: D(PSRPLS) has a unit root
Exogenous: Constant
Bandwidth: 4 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-14.35916	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.468299
HAC corrected variance (Bartlett kernel)	0.431428

Phillips-Perron Test Equation
Dependent Variable: D(PSRPLS,2)
Method: Least Squares
Date: 11/19/16 Time: 09:21
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSRPLS(-1))	-1.267622	0.089309	-14.19364	0.0000
C	-0.000756	0.063538	-0.011891	0.9905

R-squared	0.634599	Mean dependent var	-0.002797
Adjusted R-squared	0.631449	S.D. dependent var	1.136906
S.E. of regression	0.690198	Akaike info criterion	2.113126
Sum squared resid	55.25925	Schwarz criterion	2.160087
Log likelihood	-122.6745	Hannan-Quinn criter.	2.132194
F-statistic	201.4593	Durbin-Watson stat	2.056899
Prob(F-statistic)	0.000000		

Table : 6.83.

ADF Unit Root Test of $PSR_{mudhfin}$

Series: PSRMUDH   Workfile: FINANCING OF ISLAMIC BANKS 200...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on PSRMUDH

Null Hypothesis: PSRMUDH has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-2.305917	0.1726
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSRMUDH)
Method: Least Squares
Date: 11/25/16   Time: 08:28
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSRMUDH(-1)	-0.132553	0.057484	-2.305917	0.0237
C	2.106820	0.961587	2.190981	0.0313

R-squared	0.061601	Mean dependent var	-0.085663
Adjusted R-squared	0.050016	S.D. dependent var	1.342084
S.E. of regression	1.308090	Akaike info criterion	3.398815
Sum squared resid	138.5991	Schwarz criterion	3.457100
Log likelihood	-139.0508	Hannan-Quinn criter.	3.422231
F-statistic	5.317252	Durbin-Watson stat	2.017727
Prob(F-statistic)	0.023672		

Table : 6.84.

ADF Unit Root Test of $PSR_{mudhfin}$

Series: PSRMUDH Workfile: FINANCING OF ...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sh

Augmented Dickey-Fuller Unit Root Test on D(PSRMUDH)

Null Hypothesis: D(PSRMUDH) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-9.703350	0.0000
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSRMUDH,2)
Method: Least Squares
Date: 24/11/16 Time: 21:32
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSRMUDH(-1))	-1.081606	0.111467	-9.703350	0.0000
C	-0.092183	0.149880	-0.615045	0.5403

R-squared	0.540639	Mean dependent var	0.004634
Adjusted R-squared	0.534897	S.D. dependent var	1.985687
S.E. of regression	1.354208	Akaike info criterion	3.468398
Sum squared resid	146.7103	Schwarz criterion	3.527099
Log likelihood	-140.2043	Hannan-Quinn criter.	3.491966
F-statistic	94.15501	Durbin-Watson stat	2.013069
Prob(F-statistic)	0.000000		

Table : 6.85.
PP Unit Root Test of $PSR_{mudhfin}$

Series: PSRMUDH Workfile: FINANCING OF ISLAMIC BANKS 20...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on PSRMUDH

Null Hypothesis: PSRMUDH has a unit root
Exogenous: Constant
Bandwidth: 2 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-2.278776	0.1812
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	1.669869
HAC corrected variance (Bartlett kernel)	1.632437

Phillips-Perron Test Equation
Dependent Variable: D(PSRMUDH)
Method: Least Squares
Date: 11/25/16 Time: 08:31
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSRMUDH(-1)	-0.132553	0.057484	-2.305917	0.0237
C	2.106820	0.961587	2.190981	0.0313

R-squared	0.061601	Mean dependent var	-0.085663
Adjusted R-squared	0.050016	S.D. dependent var	1.342084
S.E. of regression	1.308090	Akaike info criterion	3.398815
Sum squared resid	138.5991	Schwarz criterion	3.457100
Log likelihood	-139.0508	Hannan-Quinn criter.	3.422231
F-statistic	5.317252	Durbin-Watson stat	2.017727
Prob(F-statistic)	0.023672		

Table : 6.86.
PP Unit Root Test of $PSR_{mudhfin}$

Series: PSRMUDH Workfile: FINANCING OF ISLAMIC BANKS 20...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(PSRMUDH)

Null Hypothesis: D(PSRMUDH) has a unit root
Exogenous: Constant
Bandwidth: 1 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-9.705742	0.0000
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	1.789150
HAC corrected variance (Bartlett kernel)	1.776825

Phillips-Perron Test Equation
Dependent Variable: D(PSRMUDH,2)
Method: Least Squares
Date: 11/25/16 Time: 08:31
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSRMUDH(-1))	-1.081606	0.111467	-9.703350	0.0000
C	-0.092183	0.149880	-0.615045	0.5403

R-squared	0.540639	Mean dependent var	0.004634
Adjusted R-squared	0.534897	S.D. dependent var	1.985687
S.E. of regression	1.354208	Akaike info criterion	3.468398
Sum squared resid	146.7103	Schwarz criterion	3.527099
Log likelihood	-140.2043	Hannan-Quinn criter.	3.491966
F-statistic	94.15501	Durbin-Watson stat	2.013069
Prob(F-statistic)	0.000000		

Table : 6.87.
ADF Unit Root Test of $PSR_{musyfin}$

Series: PSRMUSY Workfile: FINANCING OF ISLAMIC BANKS 200...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on PSRMUSY

Null Hypothesis: PSRMUSY has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-2.097066	0.2464
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSRMUSY)
Method: Least Squares
Date: 11/25/16 Time: 08:49
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSRMUSY(-1)	-0.135796	0.064755	-2.097066	0.0392
D(PSRMUSY(-1))	-0.293133	0.107012	-2.739255	0.0076
C	1.730960	0.825851	2.095970	0.0393

R-squared	0.175561	Mean dependent var	0.005122
Adjusted R-squared	0.154689	S.D. dependent var	0.725594
S.E. of regression	0.667117	Akaike info criterion	2.064197
Sum squared resid	35.15857	Schwarz criterion	2.152248
Log likelihood	-81.63207	Hannan-Quinn criter.	2.099548
F-statistic	8.411376	Durbin-Watson stat	2.120656
Prob(F-statistic)	0.000488		

Table : 6.88.
ADF Unit Root Test of $PSR_{musyfin}$

Series: PSRMUSY Workfile: FINANCING OF ISLAMIC BANKS 200...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(PSRMUSY)

Null Hypothesis: D(PSRMUSY) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-13.04098	0.0001
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSRMUSY,2)
Method: Least Squares
Date: 11/25/16 Time: 08:50
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSRMUSY(-1))	-1.360049	0.104290	-13.04098	0.0000
C	0.006000	0.075219	0.079768	0.9366

R-squared	0.680086	Mean dependent var	0.002683
Adjusted R-squared	0.676087	S.D. dependent var	1.196795
S.E. of regression	0.681136	Akaike info criterion	2.093979
Sum squared resid	37.11573	Schwarz criterion	2.152680
Log likelihood	-83.85315	Hannan-Quinn criter.	2.117547
F-statistic	170.0671	Durbin-Watson stat	2.171728
Prob(F-statistic)	0.000000		

Table : 6.89.
PP Unit Root Test of $PSR_{musyfin}$

Series: PSRMUSY Workfile: FINANCING OF ISLAMIC BANKS 200...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on PSRMUSY

Null Hypothesis: PSRMUSY has a unit root
Exogenous: Constant
Bandwidth: 4 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-2.577639	0.1017
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.466138
HAC corrected variance (Bartlett kernel)	0.348240

Phillips-Perron Test Equation
Dependent Variable: D(PSRMUSY)
Method: Least Squares
Date: 11/25/16 Time: 08:52
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSRMUSY(-1)	-0.182620	0.063312	-2.884436	0.0050
C	2.319839	0.806624	2.875984	0.0051

R-squared	0.093148	Mean dependent var	0.003494
Adjusted R-squared	0.081952	S.D. dependent var	0.721309
S.E. of regression	0.691121	Akaike info criterion	2.122797
Sum squared resid	38.68947	Schwarz criterion	2.181082
Log likelihood	-86.09606	Hannan-Quinn criter.	2.146212
F-statistic	8.319974	Durbin-Watson stat	2.487812
Prob(F-statistic)	0.005022		

Table : 6.90.
PP Unit Root Test of $PSR_{musyfin}$

Series: PSRMUSY Workfile: FINANCING OF ISLAMIC BANKS 200...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(PSRMUSY)

Null Hypothesis: D(PSRMUSY) has a unit root
Exogenous: Constant
Bandwidth: 1 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-13.26070	0.0001
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.452631
HAC corrected variance (Bartlett kernel)	0.413719

Phillips-Perron Test Equation
Dependent Variable: D(PSRMUSY,2)
Method: Least Squares
Date: 11/25/16 Time: 08:53
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSRMUSY(-1))	-1.360049	0.104290	-13.04098	0.0000
C	0.006000	0.075219	0.079768	0.9366

R-squared	0.680086	Mean dependent var	0.002683
Adjusted R-squared	0.676087	S.D. dependent var	1.196795
S.E. of regression	0.681136	Akaike info criterion	2.093979
Sum squared resid	37.11573	Schwarz criterion	2.152680
Log likelihood	-83.85315	Hannan-Quinn criter.	2.117547
F-statistic	170.0671	Durbin-Watson stat	2.171728
Prob(F-statistic)	0.000000		

Table : 6.91.
ADF Unit Root Test of $PSR_{murafin}$

Series: PSRMURA Workfile: FINANCING OF ISLAMIC BANKS::Pr...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on PSRMURA

Null Hypothesis: PSRMURA has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-2.455232	0.1292
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSRMURA)
Method: Least Squares
Date: 11/19/16 Time: 09:21
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSRMURA(-1)	-0.131364	0.053504	-2.455232	0.0156
D(PSRMURA(-1))	-0.294044	0.088848	-3.309503	0.0012
C	1.893707	0.771795	2.453639	0.0156

R-squared	0.172054	Mean dependent var	0.002373
Adjusted R-squared	0.157655	S.D. dependent var	0.636504
S.E. of regression	0.584180	Akaike info criterion	1.787879
Sum squared resid	39.24558	Schwarz criterion	1.858320
Log likelihood	-102.4848	Hannan-Quinn criter.	1.816480
F-statistic	11.94897	Durbin-Watson stat	2.009505
Prob(F-statistic)	0.000019		

Table : 6.92.

ADF Unit Root Test of $PSR_{murafin}$

Series: PSRMURA Workfile: FINANCING OF ISLAMIC BANKS::Pr...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(PSRMURA)

Null Hypothesis: D(PSRMURA) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-15.67591	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(PSRMURA,2)
Method: Least Squares
Date: 11/19/16 Time: 09:22
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSRMURA(-1))	-1.358706	0.086675	-15.67591	0.0000
C	0.003376	0.054932	0.061459	0.9511

R-squared	0.679322	Mean dependent var	-0.000424
Adjusted R-squared	0.676558	S.D. dependent var	1.049210
S.E. of regression	0.596706	Akaike info criterion	1.822021
Sum squared resid	41.30279	Schwarz criterion	1.868982
Log likelihood	-105.4992	Hannan-Quinn criter.	1.841088
F-statistic	245.7340	Durbin-Watson stat	2.044708
Prob(F-statistic)	0.000000		

Table : 6.93.
PP Unit Root Test of PSR$_{murafin}$

Series: PSRMURA Workfile: FINANCING OF ISLAMIC BANKS::Pro...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on PSRMURA

Null Hypothesis: PSRMURA has a unit root
Exogenous: Constant
Bandwidth: 4 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-3.201885	0.0223
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.361796
HAC corrected variance (Bartlett kernel)	0.302520

Phillips-Perron Test Equation
Dependent Variable: D(PSRMURA)
Method: Least Squares
Date: 11/19/16 Time: 09:22
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSRMURA(-1)	-0.181278	0.052734	-3.437594	0.0008
C	2.608995	0.760385	3.431152	0.0008

R-squared	0.091735	Mean dependent var	0.002101
Adjusted R-squared	0.083972	S.D. dependent var	0.633809
S.E. of regression	0.606614	Akaike info criterion	1.854816
Sum squared resid	43.05373	Schwarz criterion	1.901524
Log likelihood	-108.3615	Hannan-Quinn criter.	1.873783
F-statistic	11.81705	Durbin-Watson stat	2.485469
Prob(F-statistic)	0.000814		

Table : 6.94.
PP Unit Root Test of PSR$_{murafin}$

Series: PSRMURA Workfile: FINANCING OF ISLAMIC BANKS::Pr...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(PSRMURA)

Null Hypothesis: D(PSRMURA) has a unit root
Exogenous: Constant
Bandwidth: 2 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-15.87283	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.350024
HAC corrected variance (Bartlett kernel)	0.327054

Phillips-Perron Test Equation
Dependent Variable: D(PSRMURA,2)
Method: Least Squares
Date: 11/19/16 Time: 09:24
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(PSRMURA(-1))	-1.358706	0.086675	-15.67591	0.0000
C	0.003376	0.054932	0.061459	0.9511

R-squared	0.679322	Mean dependent var	-0.000424
Adjusted R-squared	0.676558	S.D. dependent var	1.049210
S.E. of regression	0.596706	Akaike info criterion	1.822021
Sum squared resid	41.30279	Schwarz criterion	1.868982
Log likelihood	-105.4992	Hannan-Quinn criter.	1.841088
F-statistic	245.7340	Durbin-Watson stat	2.044708
Prob(F-statistic)	0.000000		

Table : 6.95.
ADF Unit Root Test of IMMR

Series: IMMR Workfile: PROFITABILITY OF ISLAMIC BANKS::Pro...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on IMMR

Null Hypothesis: IMMR has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-2.983731	0.0393
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(IMMR)
Method: Least Squares
Date: 11/17/16 Time: 10:57
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IMMR(-1)	-0.088814	0.029766	-2.983731	0.0035
C	0.523051	0.197654	2.646298	0.0093

R-squared	0.070711	Mean dependent var	-0.043277
Adjusted R-squared	0.062768	S.D. dependent var	0.621376
S.E. of regression	0.601559	Akaike info criterion	1.838080
Sum squared resid	42.33919	Schwarz criterion	1.884788
Log likelihood	-107.3658	Hannan-Quinn criter.	1.857047
F-statistic	8.902651	Durbin-Watson stat	1.847662
Prob(F-statistic)	0.003467		

Table : 6.96.
ADF Unit Root Test of IMMR

Series: IMMR Workfile: PROFITABILITY OF ISLAMIC BANKS::Pro...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(IMMR)

Null Hypothesis: D(IMMR) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-10.21368	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(IMMR,2)
Method: Least Squares
Date: 11/17/16 Time: 11:01
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(IMMR(-1))	-0.970702	0.095039	-10.21368	0.0000
C	-0.034849	0.057521	-0.605860	0.5458

R-squared	0.473491	Mean dependent var	0.020678
Adjusted R-squared	0.468952	S.D. dependent var	0.853590
S.E. of regression	0.622037	Akaike info criterion	1.905170
Sum squared resid	44.88390	Schwarz criterion	1.952131
Log likelihood	-110.4050	Hannan-Quinn criter.	1.924237
F-statistic	104.3192	Durbin-Watson stat	1.918500
Prob(F-statistic)	0.000000		

Table : 6.97.
PP Unit Root Test of IMMR

Series: IMMR Workfile: PROFITABILITY OF ISLAMIC BANKS::Pro...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on IMMR

Null Hypothesis: IMMR has a unit root
Exogenous: Constant
Bandwidth: 1 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-2.996982	0.0380
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.355792
HAC corrected variance (Bartlett kernel)	0.372919

Phillips-Perron Test Equation
Dependent Variable: D(IMMR)
Method: Least Squares
Date: 11/17/16 Time: 11:02
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IMMR(-1)	-0.088814	0.029766	-2.983731	0.0035
C	0.523051	0.197654	2.646298	0.0093

R-squared	0.070711	Mean dependent var	-0.043277
Adjusted R-squared	0.062768	S.D. dependent var	0.621376
S.E. of regression	0.601559	Akaike info criterion	1.838080
Sum squared resid	42.33919	Schwarz criterion	1.884788
Log likelihood	-107.3658	Hannan-Quinn criter.	1.857047
F-statistic	8.902651	Durbin-Watson stat	1.847662
Prob(F-statistic)	0.003467		

Table : 6.98.
PP Unit Root Test of IMMR

Series: IMMR Workfile: PROFITABILITY OF ISLAMIC BANKS::Pro...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(IMMR)

Null Hypothesis: D(IMMR) has a unit root
Exogenous: Constant
Bandwidth: 4 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-10.17782	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.380372
HAC corrected variance (Bartlett kernel)	0.337628

Phillips-Perron Test Equation
Dependent Variable: D(IMMR,2)
Method: Least Squares
Date: 11/17/16 Time: 11:02
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(IMMR(-1))	-0.970702	0.095039	-10.21368	0.0000
C	-0.034849	0.057521	-0.605860	0.5458

R-squared	0.473491	Mean dependent var	0.020678
Adjusted R-squared	0.468952	S.D. dependent var	0.853590
S.E. of regression	0.622037	Akaike info criterion	1.905170
Sum squared resid	44.88390	Schwarz criterion	1.952131
Log likelihood	-110.4050	Hannan-Quinn criter.	1.924237
F-statistic	104.3192	Durbin-Watson stat	1.918500
Prob(F-statistic)	0.000000		

Table : 6.99.
ADF Unit Root Test of CBR_{DD}

Series: CBR_DD Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on CBR_DD

Null Hypothesis: CBR_DD has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-3.927465	0.0029
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(CBR_DD)
Method: Least Squares
Date: 11/21/16 Time: 11:06
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CBR_DD(-1)	-0.296729	0.075552	-3.927465	0.0002
C	0.665282	0.170829	3.894430	0.0002

R-squared	0.159969	Mean dependent var	-0.004217
Adjusted R-squared	0.149598	S.D. dependent var	0.109990
S.E. of regression	0.101430	Akaike info criterion	-1.715095
Sum squared resid	0.833331	Schwarz criterion	-1.656809
Log likelihood	73.17643	Hannan-Quinn criter.	-1.691679
F-statistic	15.42498	Durbin-Watson stat	2.323084
Prob(F-statistic)	0.000180		

Table : 6.100.
ADF Unit Root Test of CBR_{DD}

Series: CBR_DD Workfile: DEPOSITS OF ISLAMIC BANKS 2009-20...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on CBR_DD

Null Hypothesis: CBR_DD has a unit root
Exogenous: Constant
Bandwidth: 3 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-3.850135	0.0036
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.010040
HAC corrected variance (Bartlett kernel)	0.009358

Phillips-Perron Test Equation
Dependent Variable: D(CBR_DD)
Method: Least Squares
Date: 11/21/16 Time: 11:07
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CBR_DD(-1)	-0.296729	0.075552	-3.927465	0.0002
C	0.665282	0.170829	3.894430	0.0002

R-squared	0.159969	Mean dependent var	-0.004217
Adjusted R-squared	0.149598	S.D. dependent var	0.109990
S.E. of regression	0.101430	Akaike info criterion	-1.715095
Sum squared resid	0.833331	Schwarz criterion	-1.656809
Log likelihood	73.17643	Hannan-Quinn criter.	-1.691679
F-statistic	15.42498	Durbin-Watson stat	2.323084
Prob(F-statistic)	0.000180		

Table : 6.101.
ADF Unit Root Test of CBR_{SD}

Series: CBR_SD Workfile: DEPOSITS OF ISLAMIC BANKS 2009-20...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on CBR_SD

Null Hypothesis: CBR_SD has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-2.385391	0.1489
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(CBR_SD)
Method: Least Squares
Date: 11/21/16 Time: 11:08
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CBR_SD(-1)	-0.063987	0.026824	-2.385391	0.0194
C	0.131031	0.062547	2.094909	0.0393

R-squared	0.065637	Mean dependent var	-0.015783
Adjusted R-squared	0.054102	S.D. dependent var	0.104358
S.E. of regression	0.101496	Akaike info criterion	-1.713803
Sum squared resid	0.834409	Schwarz criterion	-1.655518
Log likelihood	73.12282	Hannan-Quinn criter.	-1.690387
F-statistic	5.690088	Durbin-Watson stat	2.276857
Prob(F-statistic)	0.019396		

Table : 6.102.
ADF Unit Root Test of CBR_{SD}

Series: CBR_SD Workfile: DEPOSITS OF ISLAMIC BANKS 2009-20...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(CBR_SD)

Null Hypothesis: D(CBR_SD) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-10.24098	0.0000
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(CBR_SD,2)
Method: Least Squares
Date: 11/21/16 Time: 11:08
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CBR_SD(-1))	-1.134799	0.110810	-10.24098	0.0000
C	-0.018146	0.011696	-1.551392	0.1248

R-squared	0.567282	Mean dependent var	0.000122
Adjusted R-squared	0.561873	S.D. dependent var	0.158141
S.E. of regression	0.104676	Akaike info criterion	-1.651815
Sum squared resid	0.876557	Schwarz criterion	-1.593114
Log likelihood	69.72441	Hannan-Quinn criter.	-1.628248
F-statistic	104.8777	Durbin-Watson stat	2.033811
Prob(F-statistic)	0.000000		

Table : 6.103.
PP Unit Root Test of CBR_{SD}

Series: CBR_SD Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on CBR_SD

Null Hypothesis: CBR_SD has a unit root
Exogenous: Constant
Bandwidth: 9 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-2.537416	0.1105
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.010053
HAC corrected variance (Bartlett kernel)	0.005675

Phillips-Perron Test Equation
Dependent Variable: D(CBR_SD)
Method: Least Squares
Date: 11/21/16 Time: 11:08
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CBR_SD(-1)	-0.063987	0.026824	-2.385391	0.0194
C	0.131031	0.062547	2.094909	0.0393

R-squared	0.065637	Mean dependent var	-0.015783
Adjusted R-squared	0.054102	S.D. dependent var	0.104358
S.E. of regression	0.101496	Akaike info criterion	-1.713803
Sum squared resid	0.834409	Schwarz criterion	-1.655518
Log likelihood	73.12282	Hannan-Quinn criter.	-1.690387
F-statistic	5.690088	Durbin-Watson stat	2.276857
Prob(F-statistic)	0.019396		

Table : 6.104.
PP Unit Root Test of CBR_{SD}

Series: CBR_SD Workfile: DEPOSITS OF ISLAMIC BANKS 2009-20...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(CBR_SD)

Null Hypothesis: D(CBR_SD) has a unit root
Exogenous: Constant
Bandwidth: 5 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-10.55078	0.0001
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.010690
HAC corrected variance (Bartlett kernel)	0.007898

Phillips-Perron Test Equation
Dependent Variable: D(CBR_SD,2)
Method: Least Squares
Date: 11/21/16 Time: 11:09
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CBR_SD(-1))	-1.134799	0.110810	-10.24098	0.0000
C	-0.018146	0.011696	-1.551392	0.1248

R-squared	0.567282	Mean dependent var	0.000122
Adjusted R-squared	0.561873	S.D. dependent var	0.158141
S.E. of regression	0.104676	Akaike info criterion	-1.651815
Sum squared resid	0.876557	Schwarz criterion	-1.593114
Log likelihood	69.72441	Hannan-Quinn criter.	-1.628248
F-statistic	104.8777	Durbin-Watson stat	2.033811
Prob(F-statistic)	0.000000		

Table : 6.105.
ADF Unit Root Test of CBR_{TD01}

Series: CBR_TD01 Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on CBR_TD01

Null Hypothesis: CBR_TD01 has a unit root
Exogenous: Constant
Lag Length: 2 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-2.144029	0.2284
Test critical values:	1% level	-3.513344	
	5% level	-2.897678	
	10% level	-2.586103	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(CBR_TD01)
Method: Least Squares
Date: 11/21/16 Time: 11:09
Sample (adjusted): 2009M04 2015M12
Included observations: 81 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CBR_TD01(-1)	-0.044205	0.020618	-2.144029	0.0352
D(CBR_TD01(-1))	0.227141	0.099871	2.274353	0.0257
D(CBR_TD01(-2))	0.342186	0.097312	3.516374	0.0007
C	0.304680	0.144492	2.108626	0.0382

R-squared	0.344576	Mean dependent var	-0.025062
Adjusted R-squared	0.319039	S.D. dependent var	0.245138
S.E. of regression	0.202289	Akaike info criterion	-0.310117
Sum squared resid	3.150904	Schwarz criterion	-0.191873
Log likelihood	16.55975	Hannan-Quinn criter.	-0.262676
F-statistic	13.49370	Durbin-Watson stat	1.962135
Prob(F-statistic)	0.000000		

Table : 6.106.
ADF Unit Root Test of CBR_{TD01}

Series: CBR_TD01 Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(CBR_TD01)

Null Hypothesis: D(CBR_TD01) has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-3.903848	0.0031
Test critical values:	1% level	-3.513344	
	5% level	-2.897678	
	10% level	-2.586103	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(CBR_TD01,2)
Method: Least Squares
Date: 11/21/16 Time: 11:10
Sample (adjusted): 2009M04 2015M12
Included observations: 81 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CBR_TD01(-1))	-0.401756	0.102913	-3.903848	0.0002
D(CBR_TD01(-1),2)	-0.348811	0.099480	-3.506334	0.0008
C	-0.001225	0.023346	-0.052485	0.9583

R-squared	0.411690	Mean dependent var	0.011111
Adjusted R-squared	0.396605	S.D. dependent var	0.266355
S.E. of regression	0.206901	Akaike info criterion	-0.276823
Sum squared resid	3.339011	Schwarz criterion	-0.188140
Log likelihood	14.21134	Hannan-Quinn criter.	-0.241242
F-statistic	27.29160	Durbin-Watson stat	1.978916
Prob(F-statistic)	0.000000		

Table : 6.107.
PP Unit Root Test of CBR_{TD01}

Series: CBR_TD01 Workfile: DEPOSITS OF ISLAMIC BANKS 2009-...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on CBR_TD01

Null Hypothesis: CBR_TD01 has a unit root
Exogenous: Constant
Bandwidth: 5 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-3.214676	0.0226
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.057530
HAC corrected variance (Bartlett kernel)	0.164874

Phillips-Perron Test Equation
Dependent Variable: D(CBR_TD01)
Method: Least Squares
Date: 11/21/16 Time: 11:10
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CBR_TD01(-1)	-0.082066	0.021697	-3.782371	0.0003
C	0.537041	0.154934	3.466263	0.0008

R-squared	0.150109	Mean dependent var	-0.040241
Adjusted R-squared	0.139616	S.D. dependent var	0.261758
S.E. of regression	0.242798	Akaike info criterion	0.030628
Sum squared resid	4.775024	Schwarz criterion	0.088914
Log likelihood	0.728927	Hannan-Quinn criter.	0.054044
F-statistic	14.30633	Durbin-Watson stat	1.110651
Prob(F-statistic)	0.000296		

Table : 6.108.
PP Unit Root Test of CBR_{TD01}

Series: CBR_TD01 Workfile: DEPOSITS OF ISLAMIC BANKS 2009...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(CBR_TD01)

Null Hypothesis: D(CBR_TD01) has a unit root
Exogenous: Constant
Bandwidth: 2 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-5.425262	0.0000
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.050788
HAC corrected variance (Bartlett kernel)	0.046310

Phillips-Perron Test Equation
Dependent Variable: D(CBR_TD01,2)
Method: Least Squares
Date: 11/21/16 Time: 11:11
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CBR_TD01(-1))	-0.532905	0.096454	-5.524965	0.0000
C	-0.014738	0.025521	-0.577491	0.5652

R-squared	0.276183	Mean dependent var	0.007683
Adjusted R-squared	0.267136	S.D. dependent var	0.266520
S.E. of regression	0.228161	Akaike info criterion	-0.093443
Sum squared resid	4.164594	Schwarz criterion	-0.034742
Log likelihood	5.831156	Hannan-Quinn criter.	-0.069875
F-statistic	30.52524	Durbin-Watson stat	2.362385
Prob(F-statistic)	0.000000		

Table : 6.109.
ADF Unit Root Test of CBR_{TD03}

Series: CBR_TD03 Workfile: DEPOSITS OF ISLAMIC BANKS 2009-...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on CBR_TD03

Null Hypothesis: CBR_TD03 has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-3.329529	0.0166
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(CBR_TD03)
Method: Least Squares
Date: 11/21/16 Time: 11:11
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CBR_TD03(-1)	-0.030467	0.009150	-3.329529	0.0013
D(CBR_TD03(-1))	0.809848	0.055141	14.68678	0.0000
C	0.224687	0.069493	3.233246	0.0018

R-squared	0.775426	Mean dependent var	-0.041220
Adjusted R-squared	0.769741	S.D. dependent var	0.223073
S.E. of regression	0.107042	Akaike info criterion	-1.595288
Sum squared resid	0.905184	Schwarz criterion	-1.507237
Log likelihood	68.40681	Hannan-Quinn criter.	-1.559937
F-statistic	136.3888	Durbin-Watson stat	1.973328
Prob(F-statistic)	0.000000		

Table : 6.110.

PP Unit Root Test of CBR_{TD03}

Series: CBR_TD03 Workfile: DEPOSITS OF ISLAMIC BANKS 2009-...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(CBR_TD03,2)

Null Hypothesis: D(CBR_TD03,2) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-10.07510	0.0000
Test critical values:	1% level	-3.513344	
	5% level	-2.897678	
	10% level	-2.586103	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(CBR_TD03,3)
Method: Least Squares
Date: 11/21/16 Time: 11:13
Sample (adjusted): 2009M04 2015M12
Included observations: 81 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CBR_TD03(-1),2)	-1.068951	0.106098	-10.07510	0.0000
C	0.007463	0.012431	0.600341	0.5500

R-squared	0.562346	Mean dependent var	0.004691
Adjusted R-squared	0.556806	S.D. dependent var	0.168011
S.E. of regression	0.111850	Akaike info criterion	-1.518939
Sum squared resid	0.988319	Schwarz criterion	-1.459817
Log likelihood	63.51705	Hannan-Quinn criter.	-1.495219
F-statistic	101.5077	Durbin-Watson stat	2.094524
Prob(F-statistic)	0.000000		

Table : 6.111.
PP Unit Root Test of CBR_{TD03}

Series: CBR_TD03 Workfile: DEPOSITS OF ISLAMIC BANKS 2009-...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on CBR_TD03

Null Hypothesis: CBR_TD03 has a unit root
Exogenous: Constant
Bandwidth: 6 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-2.974173	0.0415
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.040772
HAC corrected variance (Bartlett kernel)	0.200401

Phillips-Perron Test Equation
Dependent Variable: D(CBR_TD03)
Method: Least Squares
Date: 11/21/16 Time: 11:12
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CBR_TD03(-1)	-0.064281	0.015912	-4.039700	0.0001
C	0.445159	0.123026	3.618422	0.0005

R-squared	0.167687	Mean dependent var	-0.043494
Adjusted R-squared	0.157412	S.D. dependent var	0.222675
S.E. of regression	0.204399	Akaike info criterion	-0.313686
Sum squared resid	3.384090	Schwarz criterion	-0.255400
Log likelihood	15.01796	Hannan-Quinn criter.	-0.290270
F-statistic	16.31917	Durbin-Watson stat	0.312047
Prob(F-statistic)	0.000121		

Table : 6.112.
PP Unit Root Test of CBR$_{TD03}$

Series: CBR_TD03 Workfile: DEPOSITS OF ISLAMIC BANKS 2009-...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(CBR_TD03,2)

Null Hypothesis: D(CBR_TD03,2) has a unit root
Exogenous: Constant
Bandwidth: 8 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-10.67978	0.0001
Test critical values:	1% level	-3.513344	
	5% level	-2.897678	
	10% level	-2.586103	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.012201
HAC corrected variance (Bartlett kernel)	0.007827

Phillips-Perron Test Equation
Dependent Variable: D(CBR_TD03,3)
Method: Least Squares
Date: 11/21/16 Time: 11:13
Sample (adjusted): 2009M04 2015M12
Included observations: 81 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CBR_TD03(-1),2)	-1.068951	0.106098	-10.07510	0.0000
C	0.007463	0.012431	0.600341	0.5500

R-squared	0.562346	Mean dependent var	0.004691
Adjusted R-squared	0.556806	S.D. dependent var	0.168011
S.E. of regression	0.111850	Akaike info criterion	-1.518939
Sum squared resid	0.988319	Schwarz criterion	-1.459817
Log likelihood	63.51705	Hannan-Quinn criter.	-1.495219
F-statistic	101.5077	Durbin-Watson stat	2.094524
Prob(F-statistic)	0.000000		

Table : 6.113.
ADF Unit Root Test of CBR_{TD12}

Series: CBR_TD12 Workfile: DEPOSITS OF ISLAMIC BANKS 2009...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on CBR_TD12

Null Hypothesis: CBR_TD12 has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-1.535038	0.5111
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(CBR_TD12)
Method: Least Squares
Date: 11/21/16 Time: 11:14
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CBR_TD12(-1)	-0.033762	0.021994	-1.535038	0.1287
C	0.244442	0.171256	1.427348	0.1573

R-squared	0.028268	Mean dependent var	-0.014819
Adjusted R-squared	0.016272	S.D. dependent var	0.260274
S.E. of regression	0.258147	Akaike info criterion	0.153229
Sum squared resid	5.397845	Schwarz criterion	0.211514
Log likelihood	-4.359008	Hannan-Quinn criter.	0.176645
F-statistic	2.356343	Durbin-Watson stat	1.542535
Prob(F-statistic)	0.128671		

Table : 6.114.
ADF Unit Root Test of CBR_{TD12}

Series: CBR_TD12 Workfile: DEPOSITS OF ISLAMIC BANKS 2009...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(CBR_TD12)

Null Hypothesis: D(CBR_TD12) has a unit root
Exogenous: Constant
Lag Length: 2 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-3.854412	0.0036
Test critical values:	1% level	-3.514426	
	5% level	-2.898145	
	10% level	-2.586351	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(CBR_TD12,2)
Method: Least Squares
Date: 11/21/16 Time: 11:14
Sample (adjusted): 2009M05 2015M12
Included observations: 80 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CBR_TD12(-1))	-0.642787	0.166767	-3.854412	0.0002
D(CBR_TD12(-1),2)	-0.119090	0.139700	-0.852474	0.3966
D(CBR_TD12(-2),2)	-0.225962	0.110849	-2.038475	0.0450
C	-0.013834	0.028579	-0.484065	0.6297

R-squared	0.425854	Mean dependent var	0.001375
Adjusted R-squared	0.403190	S.D. dependent var	0.328871
S.E. of regression	0.254064	Akaike info criterion	0.146249
Sum squared resid	4.905703	Schwarz criterion	0.265350
Log likelihood	-1.849952	Hannan-Quinn criter.	0.194000
F-statistic	18.79018	Durbin-Watson stat	2.049567
Prob(F-statistic)	0.000000		

Table : 6.115.
PP Unit Root Test of CBR_{TD12}

Series: CBR_TD12 Workfile: DEPOSITS OF ISLAMIC BANKS 2009-...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on CBR_TD12

Null Hypothesis: CBR_TD12 has a unit root
Exogenous: Constant
Bandwidth: 4 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-1.635610	0.4600
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.065034
HAC corrected variance (Bartlett kernel)	0.102211

Phillips-Perron Test Equation
Dependent Variable: D(CBR_TD12)
Method: Least Squares
Date: 11/21/16 Time: 11:15
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CBR_TD12(-1)	-0.033762	0.021994	-1.535038	0.1287
C	0.244442	0.171256	1.427348	0.1573

R-squared	0.028268	Mean dependent var	-0.014819
Adjusted R-squared	0.016272	S.D. dependent var	0.260274
S.E. of regression	0.258147	Akaike info criterion	0.153229
Sum squared resid	5.397845	Schwarz criterion	0.211514
Log likelihood	-4.359008	Hannan-Quinn criter.	0.176645
F-statistic	2.356343	Durbin-Watson stat	1.542535
Prob(F-statistic)	0.128671		

Table : 6.116.
PP Unit Root Test of CBR_{TD12}

Series: CBR_TD12 Workfile: DEPOSITS OF ISLAMIC BANKS 2009-...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(CBR_TD12)

Null Hypothesis: D(CBR_TD12) has a unit root
Exogenous: Constant
Bandwidth: 3 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-7.180287	0.0000
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.063808
HAC corrected variance (Bartlett kernel)	0.063147

Phillips-Perron Test Equation
Dependent Variable: D(CBR_TD12,2)
Method: Least Squares
Date: 11/21/16 Time: 11:15
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CBR_TD12(-1))	-0.780655	0.108597	-7.188553	0.0000
C	-0.014179	0.028295	-0.501105	0.6177

R-squared	0.392445	Mean dependent var	-0.001707
Adjusted R-squared	0.384850	S.D. dependent var	0.326068
S.E. of regression	0.255740	Akaike info criterion	0.134778
Sum squared resid	5.232241	Schwarz criterion	0.193478
Log likelihood	-3.525899	Hannan-Quinn criter.	0.158345
F-statistic	51.67529	Durbin-Watson stat	1.982713
Prob(F-statistic)	0.000000		

Table : 6.117.
ADF Unit Root Test of CBR_{wc}

Series: CBR_WC Workfile: FINANCING OF ISLAMIC BANKS 2009 ...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on CBR_WC

Null Hypothesis: CBR_WC has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-3.041379	0.0352
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(CBR_WC)
Method: Least Squares
Date: 11/25/16 Time: 09:09
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CBR_WC(-1)	-0.084979	0.027941	-3.041379	0.0032
C	1.036364	0.350383	2.957798	0.0041

R-squared	0.102493	Mean dependent var	-0.027229
Adjusted R-squared	0.091413	S.D. dependent var	0.207936
S.E. of regression	0.198204	Akaike info criterion	-0.375236
Sum squared resid	3.182078	Schwarz criterion	-0.316951
Log likelihood	17.57231	Hannan-Quinn criter.	-0.351821
F-statistic	9.249984	Durbin-Watson stat	2.384697
Prob(F-statistic)	0.003173		

Table : 6.118.
ADF Unit Root Test of CBR$_{wc}$

Series: CBR_WC Workfile: FINANCING OF ISLAMIC BANKS 2009 ...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(CBR_WC)

Null Hypothesis: D(CBR_WC) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-10.63866	0.0001
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(CBR_WC,2)
Method: Least Squares
Date: 11/25/16 Time: 09:10
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CBR_WC(-1))	-1.169242	0.109905	-10.63866	0.0000
C	-0.029987	0.023030	-1.302079	0.1966

R-squared	0.585881	Mean dependent var	0.001098
Adjusted R-squared	0.580704	S.D. dependent var	0.319463
S.E. of regression	0.206862	Akaike info criterion	-0.289439
Sum squared resid	3.423359	Schwarz criterion	-0.230739
Log likelihood	13.86701	Hannan-Quinn criter.	-0.265872
F-statistic	113.1810	Durbin-Watson stat	2.016246
Prob(F-statistic)	0.000000		

Table : 6.119.
PP Unit Root Test of CBR_{wc}

Series: CBR_WC Workfile: FINANCING OF ISLAMIC BANKS 2009...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on CBR_WC

Null Hypothesis: CBR_WC has a unit root
Exogenous: Constant
Bandwidth: 0 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-3.041379	0.0352
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.038338
HAC corrected variance (Bartlett kernel)	0.038338

Phillips-Perron Test Equation
Dependent Variable: D(CBR_WC)
Method: Least Squares
Date: 11/25/16 Time: 09:11
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CBR_WC(-1)	-0.084979	0.027941	-3.041379	0.0032
C	1.036364	0.350383	2.957798	0.0041

R-squared	0.102493	Mean dependent var	-0.027229
Adjusted R-squared	0.091413	S.D. dependent var	0.207936
S.E. of regression	0.198204	Akaike info criterion	-0.375236
Sum squared resid	3.182078	Schwarz criterion	-0.316951
Log likelihood	17.57231	Hannan-Quinn criter.	-0.351821
F-statistic	9.249984	Durbin-Watson stat	2.384697
Prob(F-statistic)	0.003173		

Table : 6.120.
PP Unit Root Test of CBR_{wc}

Series: CBR_WC Workfile: FINANCING OF ISLAMIC BANKS 2009...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(CBR_WC)

Null Hypothesis: D(CBR_WC) has a unit root
Exogenous: Constant
Bandwidth: 3 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-10.62235	0.0001
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.041748
HAC corrected variance (Bartlett kernel)	0.042564

Phillips-Perron Test Equation
Dependent Variable: D(CBR_WC,2)
Method: Least Squares
Date: 11/25/16 Time: 09:11
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CBR_WC(-1))	-1.169242	0.109905	-10.63866	0.0000
C	-0.029987	0.023030	-1.302079	0.1966

R-squared	0.585881	Mean dependent var	0.001098
Adjusted R-squared	0.580704	S.D. dependent var	0.319463
S.E. of regression	0.206862	Akaike info criterion	-0.289439
Sum squared resid	3.423359	Schwarz criterion	-0.230739
Log likelihood	13.86701	Hannan-Quinn criter.	-0.265872
F-statistic	113.1810	Durbin-Watson stat	2.016246
Prob(F-statistic)	0.000000		

Table : 6.121.
ADF Unit Root Test of CBR_I

Series: CBR_I Workfile: FINANCING OF ISLAMIC BANKS 2009 T...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on CBR_I

Null Hypothesis: CBR_I has a unit root
Exogenous: Constant
Lag Length: 3 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-2.874181	0.0529
Test critical values:	1% level	-3.514426	
	5% level	-2.898145	
	10% level	-2.586351	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(CBR_I)
Method: Least Squares
Date: 11/25/16 Time: 09:31
Sample (adjusted): 2009M05 2015M12
Included observations: 80 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CBR_I(-1)	-0.044858	0.015607	-2.874181	0.0053
D(CBR_I(-1))	0.182661	0.103141	1.770989	0.0806
D(CBR_I(-2))	0.046750	0.104157	0.448840	0.6548
D(CBR_I(-3))	0.307438	0.100873	3.047784	0.0032
C	0.530112	0.186290	2.845619	0.0057

R-squared	0.360735	Mean dependent var	-0.018375
Adjusted R-squared	0.326641	S.D. dependent var	0.084231
S.E. of regression	0.069118	Akaike info criterion	-2.445533
Sum squared resid	0.358301	Schwarz criterion	-2.296656
Log likelihood	102.8213	Hannan-Quinn criter.	-2.385844
F-statistic	10.58058	Durbin-Watson stat	2.166838
Prob(F-statistic)	0.000001		

Table : 6.122.
ADF Unit Root Test of CBR_I

Series: CBR_I Workfile: FINANCING OF ISLAMIC BANKS 2009 T...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(CBR_I)

Null Hypothesis: D(CBR_I) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-6.017560	0.0000
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(CBR_I,2)
Method: Least Squares
Date: 11/25/16 Time: 09:32
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CBR_I(-1))	-0.611077	0.101549	-6.017560	0.0000
C	-0.011774	0.008917	-1.320506	0.1904

R-squared	0.311597	Mean dependent var	0.001341
Adjusted R-squared	0.302992	S.D. dependent var	0.093779
S.E. of regression	0.078293	Akaike info criterion	-2.232625
Sum squared resid	0.490385	Schwarz criterion	-2.173925
Log likelihood	93.53764	Hannan-Quinn criter.	-2.209058
F-statistic	36.21102	Durbin-Watson stat	2.176275
Prob(F-statistic)	0.000000		

Table : 6.123.
PP Unit Root Test of CBR_I

Series: CBR_I Workfile: FINANCING OF ISLAMIC BANKS 2009 TO...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on CBR_I

Null Hypothesis: CBR_I has a unit root
Exogenous: Constant
Bandwidth: 6 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-3.497449	0.0104
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.005587
HAC corrected variance (Bartlett kernel)	0.014712

Phillips-Perron Test Equation
Dependent Variable: D(CBR_I)
Method: Least Squares
Date: 11/25/16 Time: 09:32
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CBR_I(-1)	-0.063979	0.013388	-4.778909	0.0000
C	0.749387	0.161538	4.639083	0.0000

R-squared	0.219939	Mean dependent var	-0.021566
Adjusted R-squared	0.210308	S.D. dependent var	0.085147
S.E. of regression	0.075665	Akaike info criterion	-2.301194
Sum squared resid	0.463744	Schwarz criterion	-2.242909
Log likelihood	97.49955	Hannan-Quinn criter.	-2.277778
F-statistic	22.83797	Durbin-Watson stat	1.441112
Prob(F-statistic)	0.000008		

Table : 6.124.
PP Unit Root Test of CBR_I

Series: CBR_I Workfile: FINANCING OF ISLAMIC BANKS 2009 TO...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(CBR_I)

Null Hypothesis: D(CBR_I) has a unit root
Exogenous: Constant
Bandwidth: 5 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-6.380234	0.0000
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.005980
HAC corrected variance (Bartlett kernel)	0.007880

Phillips-Perron Test Equation
Dependent Variable: D(CBR_I,2)
Method: Least Squares
Date: 11/25/16 Time: 09:33
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CBR_I(-1))	-0.611077	0.101549	-6.017560	0.0000
C	-0.011774	0.008917	-1.320506	0.1904

R-squared	0.311597	Mean dependent var	0.001341
Adjusted R-squared	0.302992	S.D. dependent var	0.093779
S.E. of regression	0.078293	Akaike info criterion	-2.232625
Sum squared resid	0.490385	Schwarz criterion	-2.173925
Log likelihood	93.53764	Hannan-Quinn criter.	-2.209058
F-statistic	36.21102	Durbin-Watson stat	2.176275
Prob(F-statistic)	0.000000		

Table : 6.125.
ADF Unit Root Test of CBR_c

Series: CBR_C Workfile: FINANCING OF ISLAMIC BANKS 2009 T...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on CBR_C

Null Hypothesis: CBR_C has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-3.037414	0.0356
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(CBR_C)
Method: Least Squares
Date: 11/25/16 Time: 09:41
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CBR_C(-1)	-0.166489	0.054813	-3.037414	0.0032
D(CBR_C(-1))	0.055725	0.108470	0.513733	0.6089
C	2.292576	0.764713	2.997955	0.0036

R-squared	0.104629	Mean dependent var	-0.025488
Adjusted R-squared	0.081962	S.D. dependent var	0.448545
S.E. of regression	0.429771	Akaike info criterion	1.184769
Sum squared resid	14.59152	Schwarz criterion	1.272820
Log likelihood	-45.57554	Hannan-Quinn criter.	1.220120
F-statistic	4.615813	Durbin-Watson stat	1.983877
Prob(F-statistic)	0.012709		

Table : 6.126.
ADF Unit Root Test of CBR_c

Series: CBR_C Workfile: FINANCING OF ISLAMIC BANKS 2009 T...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(CBR_C)

Null Hypothesis: D(CBR_C) has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=11)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-8.413617	0.0000
Test critical values:	1% level	-3.513344	
	5% level	-2.897678	
	10% level	-2.586103	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(CBR_C,2)
Method: Least Squares
Date: 11/25/16 Time: 09:42
Sample (adjusted): 2009M04 2015M12
Included observations: 81 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CBR_C(-1))	-1.295926	0.154027	-8.413617	0.0000
D(CBR_C(-1),2)	0.285917	0.108459	2.636187	0.0101
C	-0.032237	0.048817	-0.660375	0.5110

R-squared	0.544470	Mean dependent var	0.000864
Adjusted R-squared	0.532790	S.D. dependent var	0.640707
S.E. of regression	0.437941	Akaike info criterion	1.222869
Sum squared resid	14.95980	Schwarz criterion	1.311552
Log likelihood	-46.52618	Hannan-Quinn criter.	1.258450
F-statistic	46.61458	Durbin-Watson stat	2.000828
Prob(F-statistic)	0.000000		

Table : 6.127.
PP Unit Root Test of CBR_c

Series: CBR_C Workfile: FINANCING OF ISLAMIC BANKS 2009 T...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on CBR_C

Null Hypothesis: CBR_C has a unit root
Exogenous: Constant
Bandwidth: 5 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-2.664360	0.0846
Test critical values:	1% level	-3.511262	
	5% level	-2.896779	
	10% level	-2.585626	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.178484
HAC corrected variance (Bartlett kernel)	0.127813

Phillips-Perron Test Equation
Dependent Variable: D(CBR_C)
Method: Least Squares
Date: 11/25/16 Time: 09:42
Sample (adjusted): 2009M02 2015M12
Included observations: 83 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CBR_C(-1)	-0.148650	0.051982	-2.859667	0.0054
C	2.047904	0.726079	2.820497	0.0060

R-squared	0.091701	Mean dependent var	-0.024096
Adjusted R-squared	0.080488	S.D. dependent var	0.445982
S.E. of regression	0.427658	Akaike info criterion	1.162814
Sum squared resid	14.81418	Schwarz criterion	1.221099
Log likelihood	-46.25678	Hannan-Quinn criter.	1.186230
F-statistic	8.177694	Durbin-Watson stat	1.913277
Prob(F-statistic)	0.005392		

Table : 6.128.
PP Unit Root Test of CBR_c

Series: CBR_C Workfile: FINANCING OF ISLAMIC BANKS 2009 T...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(CBR_C)

Null Hypothesis: D(CBR_C) has a unit root
Exogenous: Constant
Bandwidth: 9 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-9.994722	0.0000
Test critical values:	1% level	-3.512290	
	5% level	-2.897223	
	10% level	-2.585861	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	0.198726
HAC corrected variance (Bartlett kernel)	0.078533

Phillips-Perron Test Equation
Dependent Variable: D(CBR_C,2)
Method: Least Squares
Date: 11/25/16 Time: 09:42
Sample (adjusted): 2009M03 2015M12
Included observations: 82 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CBR_C(-1))	-1.008064	0.111755	-9.020281	0.0000
C	-0.025684	0.049914	-0.514552	0.6083

R-squared	0.504231	Mean dependent var	-0.001220
Adjusted R-squared	0.498034	S.D. dependent var	0.637019
S.E. of regression	0.451325	Akaike info criterion	1.270832
Sum squared resid	16.29557	Schwarz criterion	1.329532
Log likelihood	-50.10410	Hannan-Quinn criter.	1.294399
F-statistic	81.36547	Durbin-Watson stat	2.003662
Prob(F-statistic)	0.000000		

Table : 6.129.
ADF Unit Root Test of CPI

Series: CPI Workfile: PROFITABILITY OF ISLAMIC BANKS::Profit...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on CPI

Null Hypothesis: CPI has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-2.356921	0.1563
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(CPI)
Method: Least Squares
Date: 10/26/16 Time: 16:39
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CPI(-1)	-0.089886	0.038137	-2.356921	0.0201
C	11.53076	4.978092	2.316301	0.0223

R-squared	0.045327	Mean dependent var	-0.132185
Adjusted R-squared	0.037168	S.D. dependent var	6.037355
S.E. of regression	5.924096	Akaike info criterion	6.412597
Sum squared resid	4106.104	Schwarz criterion	6.459305
Log likelihood	-379.5495	Hannan-Quinn criter.	6.431564
F-statistic	5.555078	Durbin-Watson stat	1.993656
Prob(F-statistic)	0.020089		

Table : 6.130.
ADF Unit Root Test of CPI

Series: CPI Workfile: PROFITABILITY OF ISLAMIC BANKS::Profit...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on D(CPI)

Null Hypothesis: D(CPI) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-11.22595	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(CPI,2)
Method: Least Squares
Date: 10/26/16 Time: 16:40
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CPI(-1))	-1.041504	0.092776	-11.22595	0.0000
C	-0.146114	0.560171	-0.260838	0.7947

R-squared	0.520705	Mean dependent var	0.003051
Adjusted R-squared	0.516573	S.D. dependent var	8.749307
S.E. of regression	6.083300	Akaike info criterion	6.465775
Sum squared resid	4292.758	Schwarz criterion	6.512736
Log likelihood	-379.4808	Hannan-Quinn criter.	6.484843
F-statistic	126.0220	Durbin-Watson stat	2.000809
Prob(F-statistic)	0.000000		

Table : 6.131.
PP Unit Root Test of CPI

Series: CPI Workfile: PROFITABILITY OF ISLAMIC BANKS::Profita...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on CPI

Null Hypothesis: CPI has a unit root
Exogenous: Constant
Bandwidth: 2 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-2.380001	0.1496
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	34.50508
HAC corrected variance (Bartlett kernel)	35.25188

Phillips-Perron Test Equation
Dependent Variable: D(CPI)
Method: Least Squares
Date: 10/26/16 Time: 16:40
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CPI(-1)	-0.089886	0.038137	-2.356921	0.0201
C	11.53076	4.978092	2.316301	0.0223

R-squared	0.045327	Mean dependent var	-0.132185
Adjusted R-squared	0.037168	S.D. dependent var	6.037355
S.E. of regression	5.924096	Akaike info criterion	6.412597
Sum squared resid	4106.104	Schwarz criterion	6.459305
Log likelihood	-379.5495	Hannan-Quinn criter.	6.431564
F-statistic	5.555078	Durbin-Watson stat	1.993656
Prob(F-statistic)	0.020089		

Table : 6.132.
PP Unit Root Test of CPI

Series: CPI Workfile: PROFITABILITY OF ISLAMIC BANKS::Profita...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on D(CPI)

Null Hypothesis: D(CPI) has a unit root
Exogenous: Constant
Bandwidth: 2 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-11.22811	0.0000
Test critical values:	1% level	-3.486551	
	5% level	-2.886074	
	10% level	-2.579931	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	36.37930
HAC corrected variance (Bartlett kernel)	35.99000

Phillips-Perron Test Equation
Dependent Variable: D(CPI,2)
Method: Least Squares
Date: 10/26/16 Time: 16:40
Sample (adjusted): 2006M03 2015M12
Included observations: 118 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(CPI(-1))	-1.041504	0.092776	-11.22595	0.0000
C	-0.146114	0.560171	-0.260838	0.7947

R-squared	0.520705	Mean dependent var	0.003051
Adjusted R-squared	0.516573	S.D. dependent var	8.749307
S.E. of regression	6.083300	Akaike info criterion	6.465775
Sum squared resid	4292.758	Schwarz criterion	6.512736
Log likelihood	-379.4808	Hannan-Quinn criter.	6.484843
F-statistic	126.0220	Durbin-Watson stat	2.000809
Prob(F-statistic)	0.000000		

Table : 6.133.
ADF Unit Root Test of IPI

Series: IPI Workfile: PROFITABILITY OF ISLAMIC BANKS::Profita...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Augmented Dickey-Fuller Unit Root Test on IPI

Null Hypothesis: IPI has a unit root
Exogenous: Constant
Lag Length: 2 (Automatic - based on SIC, maxlag=12)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-9.295302	0.0000
Test critical values:	1% level	-3.487046	
	5% level	-2.886290	
	10% level	-2.580046	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(IPI)
Method: Least Squares
Date: 10/26/16 Time: 15:36
Sample (adjusted): 2006M04 2015M12
Included observations: 117 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IPI(-1)	-2.018749	0.217179	-9.295302	0.0000
D(IPI(-1))	0.544017	0.159970	3.400740	0.0009
D(IPI(-2))	0.164618	0.093189	1.766497	0.0800
C	1.014761	0.286596	3.540743	0.0006

R-squared	0.699989	Mean dependent var	-0.030684
Adjusted R-squared	0.692024	S.D. dependent var	5.144132
S.E. of regression	2.854768	Akaike info criterion	4.969448
Sum squared resid	920.9158	Schwarz criterion	5.063881
Log likelihood	-286.7127	Hannan-Quinn criter.	5.007787
F-statistic	87.88414	Durbin-Watson stat	2.008902
Prob(F-statistic)	0.000000		

Table : 6.134.
PP Unit Root Test of IPI

Series: IPI Workfile: PROFITABILITY OF ISLAMIC BANKS::Profita...

View | Proc | Object | Properties | Print | Name | Freeze | Sample | Genr | Sheet | Graph

Phillips-Perron Unit Root Test on IPI

Null Hypothesis: IPI has a unit root
Exogenous: Constant
Bandwidth: 11 (Newey-West automatic) using Bartlett kernel

		Adj. t-Stat	Prob.*
Phillips-Perron test statistic		-24.21284	0.0000
Test critical values:	1% level	-3.486064	
	5% level	-2.885863	
	10% level	-2.579818	

*MacKinnon (1996) one-sided p-values.

Residual variance (no correction)	8.821153
HAC corrected variance (Bartlett kernel)	1.786923

Phillips-Perron Test Equation
Dependent Variable: D(IPI)
Method: Least Squares
Date: 11/17/16 Time: 10:53
Sample (adjusted): 2006M02 2015M12
Included observations: 119 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IPI(-1)	-1.318812	0.087764	-15.02674	0.0000
C	0.637316	0.277896	2.293364	0.0236

R-squared	0.658696	Mean dependent var	-0.005798
Adjusted R-squared	0.655779	S.D. dependent var	5.105337
S.E. of regression	2.995320	Akaike info criterion	5.048643
Sum squared resid	1049.717	Schwarz criterion	5.095351
Log likelihood	-298.3943	Hannan-Quinn criter.	5.067610
F-statistic	225.8028	Durbin-Watson stat	2.185716
Prob(F-statistic)	0.000000		

Table : 6.135.
Pairwise Granger Causality Test for Model 3.2

G Group: UNTITLED Workfile: PROFITABILITY OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Sample | Sheet | Stats | Spec

Pairwise Granger Causality Tests
Date: 11/23/16 Time: 09:15
Sample: 2006M01 2015M12
Lags: 1

Null Hypothesis:	Obs	F-Statistic	Prob.
IBDEPTOT does not Granger Cause ROA	119	6.06632	0.0152
ROA does not Granger Cause IBDEPTOT		4.30746	0.0402
IBFINTOT does not Granger Cause ROA	119	5.94057	0.0163
ROA does not Granger Cause IBFINTOT		6.85473	0.0100
PSRDEP does not Granger Cause ROA	119	1.06475	0.3043
ROA does not Granger Cause PSRDEP		2.32337	0.1302
PSRFIN does not Granger Cause ROA	119	0.74355	0.3903
ROA does not Granger Cause PSRFIN		0.82329	0.3661
IMMR does not Granger Cause ROA	119	0.00070	0.9790
ROA does not Granger Cause IMMR		0.00084	0.9770
CPI does not Granger Cause ROA	119	0.01250	0.9112
ROA does not Granger Cause CPI		0.02117	0.8846
IPI does not Granger Cause ROA	119	0.19942	0.6560
ROA does not Granger Cause IPI		0.00032	0.9858
IBFINTOT does not Granger Cause IBDEPTOT	119	8.89015	0.0035
IBDEPTOT does not Granger Cause IBFINTOT		4.20321	0.0426
PSRDEP does not Granger Cause IBDEPTOT	119	9.47163	0.0026
IBDEPTOT does not Granger Cause PSRDEP		0.14693	0.7022
PSRFIN does not Granger Cause IBDEPTOT	119	0.10203	0.7500
IBDEPTOT does not Granger Cause PSRFIN		4.17398	0.0433
IMMR does not Granger Cause IBDEPTOT	119	3.77550	0.0544
IBDEPTOT does not Granger Cause IMMR		0.29017	0.5911
CPI does not Granger Cause IBDEPTOT	119	0.11317	0.7372
IBDEPTOT does not Granger Cause CPI		0.65979	0.4183
IPI does not Granger Cause IBDEPTOT	119	0.00136	0.9706
IBDEPTOT does not Granger Cause IPI		0.01052	0.9185
PSRDEP does not Granger Cause IBFINTOT	119	14.4442	0.0002
IBFINTOT does not Granger Cause PSRDEP		0.11245	0.7380

Table : 6.136.
Pairwise Granger Causality Test for Model 3.2

Group: UNTITLED Workfile: PROFITABILITY OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Sample | Sheet | Stats | Spec

PSRDEP does not Granger Cause IBFINTOT	119	14.4442	0.0002
IBFINTOT does not Granger Cause PSRDEP		0.11245	0.7380
PSRFIN does not Granger Cause IBFINTOT	119	0.17237	0.6788
IBFINTOT does not Granger Cause PSRFIN		4.32180	0.0398
IMMR does not Granger Cause IBFINTOT	119	7.70119	0.0064
IBFINTOT does not Granger Cause IMMR		0.30096	0.5843
CPI does not Granger Cause IBFINTOT	119	0.00076	0.9780
IBFINTOT does not Granger Cause CPI		0.63104	0.4286
IPI does not Granger Cause IBFINTOT	119	0.20678	0.6502
IBFINTOT does not Granger Cause IPI		0.01129	0.9156
PSRFIN does not Granger Cause PSRDEP	119	1.00770	0.3175
PSRDEP does not Granger Cause PSRFIN		1.25554	0.2648
IMMR does not Granger Cause PSRDEP	119	7.42306	0.0074
PSRDEP does not Granger Cause IMMR		0.56437	0.4540
CPI does not Granger Cause PSRDEP	119	0.05444	0.8159
PSRDEP does not Granger Cause CPI		0.12443	0.7249
IPI does not Granger Cause PSRDEP	119	0.04280	0.8365
PSRDEP does not Granger Cause IPI		0.00074	0.9783
IMMR does not Granger Cause PSRFIN	119	0.32874	0.5675
PSRFIN does not Granger Cause IMMR		0.71242	0.4004
CPI does not Granger Cause PSRFIN	119	0.00403	0.9495
PSRFIN does not Granger Cause CPI		0.28588	0.5939
IPI does not Granger Cause PSRFIN	119	3.48287	0.0645
PSRFIN does not Granger Cause IPI		0.00348	0.9531
CPI does not Granger Cause IMMR	119	0.42211	0.5172
IMMR does not Granger Cause CPI		1.24166	0.2675
IPI does not Granger Cause IMMR	119	1.05917	0.3055
IMMR does not Granger Cause IPI		0.14188	0.7071
IPI does not Granger Cause CPI	119	0.15940	0.6904
CPI does not Granger Cause IPI		0.08552	0.7705

Table : 6.137.
Pairwise Granger Causality Test for Model 3.3

G Group: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Sample | Sheet | Stats | Spec

Pairwise Granger Causality Tests
Date: 11/18/16 Time: 11:19
Sample: 2006M01 2015M12
Lags: 1

Null Hypothesis:	Obs	F-Statistic	Prob.
PSRWADSAV does not Granger Cause WADSAV	119	0.32124	0.5720
WADSAV does not Granger Cause PSRWADSAV		0.31275	0.5771
IPI does not Granger Cause WADSAV	119	0.68126	0.4108
WADSAV does not Granger Cause IPI		0.00730	0.9321
IMMR does not Granger Cause WADSAV	119	1.94442	0.1659
WADSAV does not Granger Cause IMMR		0.95513	0.3304
CPI does not Granger Cause WADSAV	119	0.11198	0.7385
WADSAV does not Granger Cause CPI		0.85177	0.3580
IPI does not Granger Cause PSRWADSAV	119	0.02771	0.8681
PSRWADSAV does not Granger Cause IPI		0.43342	0.5116
IMMR does not Granger Cause PSRWADSAV	119	0.19473	0.6598
PSRWADSAV does not Granger Cause IMMR		0.65642	0.4195
CPI does not Granger Cause PSRWADSAV	119	0.16222	0.6879
PSRWADSAV does not Granger Cause CPI		0.74716	0.3892
IMMR does not Granger Cause IPI	119	0.14188	0.7071
IPI does not Granger Cause IMMR		1.05917	0.3055
CPI does not Granger Cause IPI	119	0.08552	0.7705
IPI does not Granger Cause CPI		0.15940	0.6904
CPI does not Granger Cause IMMR	119	0.42211	0.5172
IMMR does not Granger Cause CPI		1.24166	0.2675

Table : 6.138.
Pairwise Granger Causality Test for Model 3.4.

Group: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Sample | Sheet | Stats | Spec

Pairwise Granger Causality Tests
Date: 11/18/16 Time: 16:20
Sample: 2006M01 2015M12
Lags: 1

Null Hypothesis:	Obs	F-Statistic	Prob.
PSRMUDHSAV does not Granger Cause MUDHSAV	119	3.93370	0.0497
MUDHSAV does not Granger Cause PSRMUDHSAV		1.63222	0.2039
IPI does not Granger Cause MUDHSAV	119	0.51108	0.4761
MUDHSAV does not Granger Cause IPI		0.00767	0.9304
IMMR does not Granger Cause MUDHSAV	119	4.00619	0.0477
MUDHSAV does not Granger Cause IMMR		0.34052	0.5607
CPI does not Granger Cause MUDHSAV	119	0.38187	0.5378
MUDHSAV does not Granger Cause CPI		0.84172	0.3608
IPI does not Granger Cause PSRMUDHSAV	119	0.11146	0.7391
PSRMUDHSAV does not Granger Cause IPI		0.04178	0.8384
IMMR does not Granger Cause PSRMUDHSAV	119	0.01066	0.9180
PSRMUDHSAV does not Granger Cause IMMR		0.71937	0.3981
CPI does not Granger Cause PSRMUDHSAV	119	1.14103	0.2877
PSRMUDHSAV does not Granger Cause CPI		0.95870	0.3296
IMMR does not Granger Cause IPI	119	0.14188	0.7071
IPI does not Granger Cause IMMR		1.05917	0.3055
CPI does not Granger Cause IPI	119	0.08552	0.7705
IPI does not Granger Cause CPI		0.15940	0.6904
CPI does not Granger Cause IMMR	119	0.42211	0.5172
IMMR does not Granger Cause CPI		1.24166	0.2675

Table : 6.139.
Pairwise Granger Causality Test for Model 3.5.

Group: MODEL03_PUREDATA Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2015::Untit...

View | Proc | Object | Print | Name | Freeze | Sample | Sheet | Stats | Spec

Pairwise Granger Causality Tests
Date: 12/10/16 Time: 15:04
Sample: 2009M01 2015M12
Lags: 1

Null Hypothesis:	Obs	F-Statistic	Prob.
PSR_MUDHDEP01 does not Granger Cause MUDHDEP01	83	0.34652	0.5577
MUDHDEP01 does not Granger Cause PSR_MUDHDEP01		0.28068	0.5977
IMMR does not Granger Cause MUDHDEP01	83	0.02679	0.8704
MUDHDEP01 does not Granger Cause IMMR		0.15180	0.6979
CBR_TD01 does not Granger Cause MUDHDEP01	83	6.4E-05	0.9936
MUDHDEP01 does not Granger Cause CBR_TD01		14.3922	0.0003
CPI does not Granger Cause MUDHDEP01	83	0.02245	0.8813
MUDHDEP01 does not Granger Cause CPI		0.90448	0.3444
IPI does not Granger Cause MUDHDEP01	83	2.15662	0.1459
MUDHDEP01 does not Granger Cause IPI		0.10201	0.7503
IMMR does not Granger Cause PSR_MUDHDEP01	83	3.21224	0.0769
PSR_MUDHDEP01 does not Granger Cause IMMR		0.71222	0.4012
CBR_TD01 does not Granger Cause PSR_MUDHDEP01	83	8.85092	0.0039
PSR_MUDHDEP01 does not Granger Cause CBR_TD01		11.8062	0.0009

Table : 6.140.
Pairwise Granger Causality Test for Model 3.5.

G Group: MODEL03_PUREDATA Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2015::Untit...

View | Proc | Object | Print | Name | Freeze | Sample | Sheet | Stats | Spec

CBR_TD01 does not Granger Cause PSR_MUDHDEP01	83	8.85092	0.0039
PSR_MUDHDEP01 does not Granger Cause CBR_TD01		11.8062	0.0009
CPI does not Granger Cause PSR_MUDHDEP01	83	0.24978	0.6186
PSR_MUDHDEP01 does not Granger Cause CPI		0.01263	0.9108
IPI does not Granger Cause PSR_MUDHDEP01	83	1.17995	0.2806
PSR_MUDHDEP01 does not Granger Cause IPI		0.10254	0.7496
CBR_TD01 does not Granger Cause IMMR	83	0.61886	0.4338
IMMR does not Granger Cause CBR_TD01		0.01227	0.9121
CPI does not Granger Cause IMMR	83	0.08424	0.7724
IMMR does not Granger Cause CPI		0.98031	0.3251
IPI does not Granger Cause IMMR	83	0.00684	0.9343
IMMR does not Granger Cause IPI		0.25088	0.6178
CPI does not Granger Cause CBR_TD01	83	0.70908	0.4023
CBR_TD01 does not Granger Cause CPI		0.25931	0.6120
IPI does not Granger Cause CBR_TD01	83	0.64788	0.4233
CBR_TD01 does not Granger Cause IPI		0.03257	0.8572
IPI does not Granger Cause CPI	83	0.02401	0.8772
CPI does not Granger Cause IPI		0.21640	0.6431

Table : 6.141.
Pairwise Granger Causality Test for Model 3.6.

Group: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2015::Untitled\

View | Proc | Object | Print | Name | Freeze | Sample | Sheet | Stats | Spec

Pairwise Granger Causality Tests
Date: 12/10/16 Time: 15:14
Sample: 2009M01 2015M12
Lags: 1

Null Hypothesis:	Obs	F-Statistic	Prob.
PSR_MUDHDEP03 does not Granger Cause MUDHDEP03	83	0.09700	0.7563
MUDHDEP03 does not Granger Cause PSR_MUDHDEP03		0.00058	0.9809
IMMR does not Granger Cause MUDHDEP03	83	5.76734	0.0186
MUDHDEP03 does not Granger Cause IMMR		0.00997	0.9207
CBR_TD03 does not Granger Cause MUDHDEP03	83	0.39654	0.5307
MUDHDEP03 does not Granger Cause CBR_TD03		33.6317	1.E-07
CPI does not Granger Cause MUDHDEP03	83	0.50688	0.4786
MUDHDEP03 does not Granger Cause CPI		0.93145	0.3374
IPI does not Granger Cause MUDHDEP03	83	0.91574	0.3415
MUDHDEP03 does not Granger Cause IPI		0.16178	0.6886
IMMR does not Granger Cause PSR_MUDHDEP03	83	6.86107	0.0105
PSR_MUDHDEP03 does not Granger Cause IMMR		0.94325	0.3344
CBR_TD03 does not Granger Cause PSR_MUDHDEP03	83	13.6866	0.0004
PSR_MUDHDEP03 does not Granger Cause CBR_TD03		39.4035	2.E-08

Table : 6.142.
Pairwise Granger Causality Test for Model 3.6.

Group: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2015::Untitled\

View | Proc | Object | Print | Name | Freeze | Sample | Sheet | Stats | Spec

CBR_TD03 does not Granger Cause PSR_MUDHDEP03	83	13.6866	0.0004
PSR_MUDHDEP03 does not Granger Cause CBR_TD03		39.4035	2.E-08
CPI does not Granger Cause PSR_MUDHDEP03	83	0.07003	0.7920
PSR_MUDHDEP03 does not Granger Cause CPI		3.28448	0.0737
IPI does not Granger Cause PSR_MUDHDEP03	83	1.54132	0.2180
PSR_MUDHDEP03 does not Granger Cause IPI		0.17925	0.6732
CBR_TD03 does not Granger Cause IMMR	83	0.58449	0.4468
IMMR does not Granger Cause CBR_TD03		0.27794	0.5995
CPI does not Granger Cause IMMR	83	0.08424	0.7724
IMMR does not Granger Cause CPI		0.98031	0.3251
IPI does not Granger Cause IMMR	83	0.00684	0.9343
IMMR does not Granger Cause IPI		0.25088	0.6178
CPI does not Granger Cause CBR_TD03	83	2.17353	0.1443
CBR_TD03 does not Granger Cause CPI		0.06332	0.8020
IPI does not Granger Cause CBR_TD03	83	0.00977	0.9215
CBR_TD03 does not Granger Cause IPI		0.02953	0.8640
IPI does not Granger Cause CPI	83	0.02401	0.8772
CPI does not Granger Cause IPI		0.21640	0.6431

Table : 6.143.
Pairwise Granger Causality Test for Model 3.7.

G Group: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2015::Untitled\

View | Proc | Object | Print | Name | Freeze | Sample | Sheet | Stats | Spec

Pairwise Granger Causality Tests
Date: 12/10/16 Time: 15:24
Sample: 2009M01 2015M12
Lags: 1

Null Hypothesis:	Obs	F-Statistic	Prob.
PSR_MUDHDEP12 does not Granger Cause MUDHDEP12	83	0.54236	0.4636
MUDHDEP12 does not Granger Cause PSR_MUDHDEP12		0.15003	0.6995
IMMR does not Granger Cause MUDHDEP12	83	0.46801	0.4959
MUDHDEP12 does not Granger Cause IMMR		1.70634	0.1952
CBR_TD12 does not Granger Cause MUDHDEP12	83	0.03437	0.8534
MUDHDEP12 does not Granger Cause CBR_TD12		2.01222	0.1599
CPI does not Granger Cause MUDHDEP12	83	0.02802	0.8675
MUDHDEP12 does not Granger Cause CPI		0.02421	0.8767
IPI does not Granger Cause MUDHDEP12	83	1.59851	0.2098
MUDHDEP12 does not Granger Cause IPI		0.00037	0.9847
IMMR does not Granger Cause PSR_MUDHDEP12	83	4.10442	0.0461
PSR_MUDHDEP12 does not Granger Cause IMMR		0.10792	0.7434
CBR_TD12 does not Granger Cause PSR_MUDHDEP12	83	9.81891	0.0024
PSR_MUDHDEP12 does not Granger Cause CBR_TD12		15.2482	0.0002

Table : 6.144.
Pairwise Granger Causality Test for Model 3.7.

Group: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2015::Untitled\

View | Proc | Object | Print | Name | Freeze | Sample | Sheet | Stats | Spec

CBR_TD12 does not Granger Cause PSR_MUDHDEP12	83	9.81891	0.0024
PSR_MUDHDEP12 does not Granger Cause CBR_TD12		15.2482	0.0002
CPI does not Granger Cause PSR_MUDHDEP12	83	0.00893	0.9250
PSR_MUDHDEP12 does not Granger Cause CPI		5.04958	0.0274
IPI does not Granger Cause PSR_MUDHDEP12	83	0.06357	0.8016
PSR_MUDHDEP12 does not Granger Cause IPI		0.29707	0.5872
CBR_TD12 does not Granger Cause IMMR	83	0.63378	0.4283
IMMR does not Granger Cause CBR_TD12		4.06333	0.0472
CPI does not Granger Cause IMMR	83	0.08424	0.7724
IMMR does not Granger Cause CPI		0.98031	0.3251
IPI does not Granger Cause IMMR	83	0.00684	0.9343
IMMR does not Granger Cause IPI		0.25088	0.6178
CPI does not Granger Cause CBR_TD12	83	0.28538	0.5947
CBR_TD12 does not Granger Cause CPI		0.22746	0.6347
IPI does not Granger Cause CBR_TD12	83	0.00326	0.9546
CBR_TD12 does not Granger Cause IPI		0.01773	0.8944
IPI does not Granger Cause CPI	83	0.02401	0.8772
CPI does not Granger Cause IPI		0.21640	0.6431

Table : 6.145.
Pairwise Granger Causality Test for Model 3.8.

G Group: MODEL03_GC Workfile: DEPOSITS OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Sample | Sheet | Stats | Spec

Pairwise Granger Causality Tests
Date: 12/10/16 Time: 14:57
Sample: 2006M01 2015M12
Lags: 1

Null Hypothesis:	Obs	F-Statistic	Prob.
PSRMUDHDEP does not Granger Cause MUDHDEP	119	4.30707	0.0402
MUDHDEP does not Granger Cause PSRMUDHDEP		0.97783	0.3248
IPI does not Granger Cause MUDHDEP	119	0.16066	0.6893
MUDHDEP does not Granger Cause IPI		0.01261	0.9108
IMMR does not Granger Cause MUDHDEP	119	3.04160	0.0838
MUDHDEP does not Granger Cause IMMR		0.48008	0.4898
CPI does not Granger Cause MUDHDEP	119	0.13606	0.7129
MUDHDEP does not Granger Cause CPI		0.56200	0.4550
IPI does not Granger Cause PSRMUDHDEP	119	0.17255	0.6786
PSRMUDHDEP does not Granger Cause IPI		0.00043	0.9834
IMMR does not Granger Cause PSRMUDHDEP	119	8.33556	0.0046
PSRMUDHDEP does not Granger Cause IMMR		0.16125	0.6887
CPI does not Granger Cause PSRMUDHDEP	119	0.11549	0.7346
PSRMUDHDEP does not Granger Cause CPI		0.84157	0.3609
IMMR does not Granger Cause IPI	119	0.14188	0.7071
IPI does not Granger Cause IMMR		1.05917	0.3055
CPI does not Granger Cause IPI	119	0.08552	0.7705
IPI does not Granger Cause CPI		0.15940	0.6904
CPI does not Granger Cause IMMR	119	0.42211	0.5172
IMMR does not Granger Cause CPI		1.24166	0.2675

Table : 6.146.
Pairwise Granger Causality Test for Model 3.9.

Group: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Sample | Sheet | Stats | Spec

Pairwise Granger Causality Tests
Date: 11/18/16 Time: 17:14
Sample: 2006M01 2015M12
Lags: 1

Null Hypothesis:	Obs	F-Statistic	Prob.
PSRDEP does not Granger Cause IBDEPTOT	119	9.47163	0.0026
IBDEPTOT does not Granger Cause PSRDEP		0.14693	0.7022
CPI does not Granger Cause IBDEPTOT	119	0.11317	0.7372
IBDEPTOT does not Granger Cause CPI		0.65979	0.4183
IMMR does not Granger Cause IBDEPTOT	119	3.77550	0.0544
IBDEPTOT does not Granger Cause IMMR		0.29017	0.5911
IPI does not Granger Cause IBDEPTOT	119	0.00136	0.9706
IBDEPTOT does not Granger Cause IPI		0.01052	0.9185
CPI does not Granger Cause PSRDEP	119	0.05444	0.8159
PSRDEP does not Granger Cause CPI		0.12443	0.7249
IMMR does not Granger Cause PSRDEP	119	7.42306	0.0074
PSRDEP does not Granger Cause IMMR		0.56437	0.4540
IPI does not Granger Cause PSRDEP	119	0.04280	0.8365
PSRDEP does not Granger Cause IPI		0.00074	0.9783
IMMR does not Granger Cause CPI	119	1.24166	0.2675
CPI does not Granger Cause IMMR		0.42211	0.5172
IPI does not Granger Cause CPI	119	0.15940	0.6904
CPI does not Granger Cause IPI		0.08552	0.7705
IPI does not Granger Cause IMMR	119	1.05917	0.3055
IMMR does not Granger Cause IPI		0.14188	0.7071

Table : 6.147.
Pairwise Granger Causality Test for Model 3.10.

G Group: UNTITLED Workfile: FINANCING OF ISLAMIC BANKS::Profitabi...

View | Proc | Object | Print | Name | Freeze | Sample | Sheet | Stats | Spec

Pairwise Granger Causality Tests
Date: 11/19/16 Time: 11:11
Sample: 2006M01 2015M12
Lags: 1

Null Hypothesis:	Obs	F-Statistic	Prob.
PSRPLS does not Granger Cause MUDHFIN	119	0.37372	0.5422
MUDHFIN does not Granger Cause PSRPLS		2.16466	0.1439
IMMR does not Granger Cause MUDHFIN	119	0.56252	0.4548
MUDHFIN does not Granger Cause IMMR		0.33229	0.5654
CPI does not Granger Cause MUDHFIN	119	5.2E-05	0.9943
MUDHFIN does not Granger Cause CPI		1.40248	0.2387
IPI does not Granger Cause MUDHFIN	119	0.34020	0.5608
MUDHFIN does not Granger Cause IPI		0.02467	0.8755
IMMR does not Granger Cause PSRPLS	119	3.7E-05	0.9951
PSRPLS does not Granger Cause IMMR		0.20625	0.6506
CPI does not Granger Cause PSRPLS	119	0.03653	0.8488
PSRPLS does not Granger Cause CPI		1.39434	0.2401
IPI does not Granger Cause PSRPLS	119	2.43557	0.1213
PSRPLS does not Granger Cause IPI		0.04866	0.8258
CPI does not Granger Cause IMMR	119	0.42211	0.5172
IMMR does not Granger Cause CPI		1.24166	0.2675
IPI does not Granger Cause IMMR	119	1.05917	0.3055
IMMR does not Granger Cause IPI		0.14188	0.7071
IPI does not Granger Cause CPI	119	0.15940	0.6904
CPI does not Granger Cause IPI		0.08552	0.7705

Table : 6.148.
Pairwise Granger Causality Test for Model 3.11.

Group: MODEL02_GC Workfile: FINANCING OF ISLAMIC BANKS::Prof...

View | Proc | Object | Print | Name | Freeze | Sample | Sheet | Stats | Spec

Pairwise Granger Causality Tests
Date: 11/24/16 Time: 12:26
Sample: 2006M01 2015M12
Lags: 1

Null Hypothesis:	Obs	F-Statistic	Prob.
PSRPLS does not Granger Cause MUSYFIN	119	0.04722	0.8284
MUSYFIN does not Granger Cause PSRPLS		3.75960	0.0549
IMMR does not Granger Cause MUSYFIN	119	2.96958	0.0875
MUSYFIN does not Granger Cause IMMR		0.05873	0.8089
CPI does not Granger Cause MUSYFIN	119	0.00844	0.9270
MUSYFIN does not Granger Cause CPI		0.76479	0.3836
IPI does not Granger Cause MUSYFIN	119	0.07811	0.7804
MUSYFIN does not Granger Cause IPI		0.02213	0.8820
IMMR does not Granger Cause PSRPLS	119	3.7E-05	0.9951
PSRPLS does not Granger Cause IMMR		0.20625	0.6506
CPI does not Granger Cause PSRPLS	119	0.03653	0.8488
PSRPLS does not Granger Cause CPI		1.39434	0.2401
IPI does not Granger Cause PSRPLS	119	2.43557	0.1213
PSRPLS does not Granger Cause IPI		0.04866	0.8258
CPI does not Granger Cause IMMR	119	0.42211	0.5172
IMMR does not Granger Cause CPI		1.24166	0.2675
IPI does not Granger Cause IMMR	119	1.05917	0.3055
IMMR does not Granger Cause IPI		0.14188	0.7071
IPI does not Granger Cause CPI	119	0.15940	0.6904
CPI does not Granger Cause IPI		0.08552	0.7705

Table : 6.149.
Pairwise Granger Causality Test for Model 3.12.

G Group: MODEL03_GC Workfile: FINANCING OF ISLAMIC BANKS::Profit...

View | Proc | Object | Print | Name | Freeze | Sample | Sheet | Stats | Spec

Pairwise Granger Causality Tests
Date: 11/24/16 Time: 16:42
Sample: 2006M01 2015M12
Lags: 1

Null Hypothesis:	Obs	F-Statistic	Prob.
PSRMURA does not Granger Cause MURAFIN	119	0.23210	0.6309
MURAFIN does not Granger Cause PSRMURA		1.19558	0.2765
IMMR does not Granger Cause MURAFIN	119	27.4651	7.E-07
MURAFIN does not Granger Cause IMMR		0.18268	0.6699
CPI does not Granger Cause MURAFIN	119	2.55174	0.1129
MURAFIN does not Granger Cause CPI		0.64446	0.4237
IPI does not Granger Cause MURAFIN	119	0.05166	0.8206
MURAFIN does not Granger Cause IPI		0.01088	0.9171
IMMR does not Granger Cause PSRMURA	119	0.20165	0.6542
PSRMURA does not Granger Cause IMMR		1.14059	0.2877
CPI does not Granger Cause PSRMURA	119	2.63996	0.1069
PSRMURA does not Granger Cause CPI		0.10633	0.7449
IPI does not Granger Cause PSRMURA	119	2.01119	0.1588
PSRMURA does not Granger Cause IPI		0.10083	0.7514
CPI does not Granger Cause IMMR	119	0.42211	0.5172
IMMR does not Granger Cause CPI		1.24166	0.2675
IPI does not Granger Cause IMMR	119	1.05917	0.3055
IMMR does not Granger Cause IPI		0.14188	0.7071
IPI does not Granger Cause CPI	119	0.15940	0.6904
CPI does not Granger Cause IPI		0.08552	0.7705

Table : 6.150.
Pairwise Granger Causality Test for Model 3.13.

Group: UNTITLED Workfile: FINANCING OF ISLAMIC BANKS::Profita...

View | Proc | Object | Print | Name | Freeze | Sample | Sheet | Stats | Spec

Pairwise Granger Causality Tests
Date: 11/19/16 Time: 13:58
Sample: 2006M01 2015M12
Lags: 1

Null Hypothesis:	Obs	F-Statistic	Prob.
PSRPLS does not Granger Cause PLSFIN	119	0.10536	0.7461
PLSFIN does not Granger Cause PSRPLS		3.47484	0.0648
IMMR does not Granger Cause PLSFIN	119	3.35344	0.0696
PLSFIN does not Granger Cause IMMR		0.09027	0.7644
CPI does not Granger Cause PLSFIN	119	0.15422	0.6953
PLSFIN does not Granger Cause CPI		0.87973	0.3502
IPI does not Granger Cause PLSFIN	119	0.00080	0.9775
PLSFIN does not Granger Cause IPI		0.02305	0.8796
IMMR does not Granger Cause PSRPLS	119	3.7E-05	0.9951
PSRPLS does not Granger Cause IMMR		0.20625	0.6506
CPI does not Granger Cause PSRPLS	119	0.03653	0.8488
PSRPLS does not Granger Cause CPI		1.39434	0.2401
IPI does not Granger Cause PSRPLS	119	2.43557	0.1213
PSRPLS does not Granger Cause IPI		0.04866	0.8258
CPI does not Granger Cause IMMR	119	0.42211	0.5172
IMMR does not Granger Cause CPI		1.24166	0.2675
IPI does not Granger Cause IMMR	119	1.05917	0.3055
IMMR does not Granger Cause IPI		0.14188	0.7071
IPI does not Granger Cause CPI	119	0.15940	0.6904
CPI does not Granger Cause IPI		0.08552	0.7705

Table : 6.151.
Pairwise Granger Causality Test for Model 3.14.

Group: UNTITLED Workfile: FINANCING OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Sample | Sheet | Stats | Spec

Pairwise Granger Causality Tests
Date: 11/24/16 Time: 17:26
Sample: 2006M01 2015M12
Lags: 1

Null Hypothesis:	Obs	F-Statistic	Prob.
IBDEPTOT does not Granger Cause IBFINTOT	119	4.20321	0.0426
IBFINTOT does not Granger Cause IBDEPTOT		8.89015	0.0035
PSRFIN does not Granger Cause IBFINTOT	119	0.17237	0.6788
IBFINTOT does not Granger Cause PSRFIN		4.32180	0.0398
IMMR does not Granger Cause IBFINTOT	119	7.70119	0.0064
IBFINTOT does not Granger Cause IMMR		0.30096	0.5843
CPI does not Granger Cause IBFINTOT	119	0.00076	0.9780
IBFINTOT does not Granger Cause CPI		0.63104	0.4286
IPI does not Granger Cause IBFINTOT	119	0.20678	0.6502
IBFINTOT does not Granger Cause IPI		0.01129	0.9156
PSRFIN does not Granger Cause IBDEPTOT	119	0.10203	0.7500
IBDEPTOT does not Granger Cause PSRFIN		4.17398	0.0433
IMMR does not Granger Cause IBDEPTOT	119	3.77550	0.0544
IBDEPTOT does not Granger Cause IMMR		0.29017	0.5911
CPI does not Granger Cause IBDEPTOT	119	0.11317	0.7372
IBDEPTOT does not Granger Cause CPI		0.65979	0.4183
IPI does not Granger Cause IBDEPTOT	119	0.00136	0.9706
IBDEPTOT does not Granger Cause IPI		0.01052	0.9185

Table : 6.152.
Pairwise Granger Causality Test for Model 3.14.

Group: UNTITLED Workfile: FINANCING OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Sample | Sheet | Stats | Spec

IPI does not Granger Cause IBDEPTOT	119	0.00136	0.9706
IBDEPTOT does not Granger Cause IPI		0.01052	0.9185
IMMR does not Granger Cause PSRFIN	119	0.32874	0.5675
PSRFIN does not Granger Cause IMMR		0.71242	0.4004
CPI does not Granger Cause PSRFIN	119	0.00403	0.9495
PSRFIN does not Granger Cause CPI		0.28588	0.5939
IPI does not Granger Cause PSRFIN	119	3.48287	0.0645
PSRFIN does not Granger Cause IPI		0.00348	0.9531
CPI does not Granger Cause IMMR	119	0.42211	0.5172
IMMR does not Granger Cause CPI		1.24166	0.2675
IPI does not Granger Cause IMMR	119	1.05917	0.3055
IMMR does not Granger Cause IPI		0.14188	0.7071
IPI does not Granger Cause CPI	119	0.15940	0.6904
CPI does not Granger Cause IPI		0.08552	0.7705

Table : 6.153.
Pearson Correlation Coefficient with IMMR

		ROA	IBFinTot	PLSFin	MudhFin	MusyFin	MuraFin	IMMR
ROA	Pearson Correlation	1	-.483**	-.567**	-.404**	-.593**	-.473**	-.024
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.794
	N	120	120	120	120	120	120	120
IBFinTot	Pearson Correlation	-.483**	1	.987**	.953**	.982**	.998**	-.550**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	120	120	120	120	120	120	120
PLSFin	Pearson Correlation	-.567**	.987**	1	.949**	.998**	.982**	-.511**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	120	120	120	120	120	120	120
MudhFin	Pearson Correlation	-.404**	.953**	.949**	1	.926**	.948**	-.606**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	120	120	120	120	120	120	120
MusyFin	Pearson Correlation	-.593**	.982**	.998**	.926**	1	.977**	-.484**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	120	120	120	120	120	120	120
MuraFin	Pearson Correlation	-.473**	.998**	.982**	.948**	.977**	1	-.544**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	120	120	120	120	120	120	120
IMMR	Pearson Correlation	-.024	-.550**	-.511**	-.606**	-.484**	-.544**	1
	Sig. (2-tailed)	.794	.000	.000	.000	.000	.000	
	N	120	120	120	120	120	120	120

**. Correlation is significant at the 0.01 level (2-tailed).

Table : 6.154.
Pearson Correlation Coefficient with IMMR

		PSRdep	PSRwadsav	PSRmudhsav	PSRMudhDep	PSRfin	PSRpls	PSRmura	IMMR
PSRdep	Pearson Correlation	1	.166	.324**	.886**	-.066	-.282**	-.292**	.488**
	Sig. (2-tailed)		.070	.000	.000	.475	.002	.001	.000
	N	120	120	120	120	119	120	120	120
PSRwadsav	Pearson Correlation	.166	1	-.284**	.246**	-.151	-.106	.000	-.158
	Sig. (2-tailed)	.070		.002	.007	.102	.250	.999	.084
	N	120	120	120	120	119	120	120	120
PSRmudhsav	Pearson Correlation	.324**	-.284**	1	-.025	-.323**	-.342**	-.386**	.125
	Sig. (2-tailed)	.000	.002		.786	.000	.000	.000	.175
	N	120	120	120	120	119	120	120	120
PSRMudhDep	Pearson Correlation	.886**	.246**	-.025	1	.070	-.240**	-.229*	.522**
	Sig. (2-tailed)	.000	.007	.786		.452	.008	.012	.000
	N	120	120	120	120	119	120	120	120
PSRfin	Pearson Correlation	-.066	-.151	-.323**	.070	1	.700**	.770**	.152
	Sig. (2-tailed)	.475	.102	.000	.452		.000	.000	.098
	N	119	119	119	119	119	119	119	119
PSRpls	Pearson Correlation	-.282**	-.106	-.342**	-.240**	.700**	1	.507**	-.087
	Sig. (2-tailed)	.002	.250	.000	.008	.000		.000	.345
	N	120	120	120	120	119	120	120	120
PSRmura	Pearson Correlation	-.292**	.000	-.386**	-.229*	.770**	.507**	1	-.251**
	Sig. (2-tailed)	.001	.999	.000	.012	.000	.000		.006
	N	120	120	120	120	119	120	120	120
IMMR	Pearson Correlation	.488**	-.158	.125	.522**	.152	-.087	-.251**	1
	Sig. (2-tailed)	.000	.084	.175	.000	.098	.345	.006	
	N	120	120	120	120	119	120	120	120

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Table : 6.155.
Pearson Correlation Coefficient with CBRs

		PLSFin	MudhFin	MusyFin	MuraFin	CBRwc	CBRl	CBRc
PLSFin	Pearson Correlation	1	.948**	.999**	.970**	-.276*	-.206	-.531**
	Sig. (2-tailed)		.000	.000	.000	.011	.060	.000
	N	84	84	84	84	84	84	84
MudhFin	Pearson Correlation	.948**	1	.930**	.949**	-.289**	-.235*	-.435**
	Sig. (2-tailed)	.000		.000	.000	.008	.031	.000
	N	84	84	84	84	84	84	84
MusyFin	Pearson Correlation	.999**	.930**	1	.964**	-.272*	-.200	-.542**
	Sig. (2-tailed)	.000	.000		.000	.012	.068	.000
	N	84	84	84	84	84	84	84
MuraFin	Pearson Correlation	.970**	.949**	.964**	1	-.407**	-.340**	-.609**
	Sig. (2-tailed)	.000	.000	.000		.000	.002	.000
	N	84	84	84	84	84	84	84
CBRwc	Pearson Correlation	-.276*	-.289**	-.272*	-.407**	1	.970**	.720**
	Sig. (2-tailed)	.011	.008	.012	.000		.000	.000
	N	84	84	84	84	84	84	84
CBRl	Pearson Correlation	-.206	-.235*	-.200	-.340**	.970**	1	.714**
	Sig. (2-tailed)	.060	.031	.068	.002	.000		.000
	N	84	84	84	84	84	84	84
CBRc	Pearson Correlation	-.531**	-.435**	-.542**	-.609**	.720**	.714**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	84	84	84	84	84	84	84

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Table : 6.156.
Pearson Correlation Coefficient with CBRs

		PSRdep	PSRwadsav	PSRmudhsav	PSRMudhDep	CBRdd	CBRsd	CBRwc	CBRl	CBRc
PSRdep	Pearson Correlation	1	.191	.353**	.801**	.477**	.133	.490**	.510**	.190
	Sig. (2-tailed)		.081	.001	.000	.000	.229	.000	.000	.084
	N	84	84	84	84	84	84	84	84	84
PSRwadsav	Pearson Correlation	.191	1	-.305**	.352**	.262*	.141	-.011	-.054	.167
	Sig. (2-tailed)	.081		.005	.001	.016	.200	.920	.627	.129
	N	84	84	84	84	84	84	84	84	84
PSRmudhsav	Pearson Correlation	.353**	-.305**	1	-.123	.015	-.261*	-.038	.002	-.272*
	Sig. (2-tailed)	.001	.005		.264	.893	.016	.733	.988	.012
	N	84	84	84	84	84	84	84	84	84
PSRMudhDep	Pearson Correlation	.801**	.352**	-.123	1	.528**	.376**	.631**	.631**	.465**
	Sig. (2-tailed)	.000	.001	.264		.000	.000	.000	.000	.000
	N	84	84	84	84	84	84	84	84	84
CBRdd	Pearson Correlation	.477**	.262*	.015	.528**	1	.258*	.443**	.471**	.409**
	Sig. (2-tailed)	.000	.016	.893	.000		.018	.000	.000	.000
	N	84	84	84	84	84	84	84	84	84
CBRsd	Pearson Correlation	.133	.141	-.261*	.376**	.258*	1	.748**	.704**	.835**
	Sig. (2-tailed)	.229	.200	.016	.000	.018		.000	.000	.000
	N	84	84	84	84	84	84	84	84	84
CBRwc	Pearson Correlation	.490**	-.011	-.038	.631**	.443**	.748**	1	.970**	.720**
	Sig. (2-tailed)	.000	.920	.733	.000	.000	.000		.000	.000
	N	84	84	84	84	84	84	84	84	84
CBRl	Pearson Correlation	.510**	-.054	.002	.631**	.471**	.704**	.970**	1	.714**
	Sig. (2-tailed)	.000	.627	.988	.000	.000	.000	.000		.000
	N	84	84	84	84	84	84	84	84	84
CBRc	Pearson Correlation	.190	.167	-.272*	.465**	.409**	.835**	.720**	.714**	1
	Sig. (2-tailed)	.084	.129	.012	.000	.000	.000	.000	.000	
	N	84	84	84	84	84	84	84	84	84

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Table : 6.157.
Pearson Correlation Coefficient with CBRs

		PSRMudh Dep01	PSRMudh Dep03	PSRMudh Dep12	CBRtd01	CBRtd03	CBRtd12
PSRMudhDep01	Pearson Correlation	1	.900**	.495**	.624**	.651**	.724**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	84	84	84	84	84	84
PSRMudhDep03	Pearson Correlation	.900**	1	.495**	.590**	.632**	.697**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	84	84	84	84	84	84
PSRMudhDep12	Pearson Correlation	.495**	.495**	1	.294**	.336**	.674**
	Sig. (2-tailed)	.000	.000		.007	.002	.000
	N	84	84	84	84	84	84
CBRtd01	Pearson Correlation	.624**	.590**	.294**	1	.984**	.830**
	Sig. (2-tailed)	.000	.000	.007		.000	.000
	N	84	84	84	84	84	84
CBRtd03	Pearson Correlation	.651**	.632**	.336**	.984**	1	.855**
	Sig. (2-tailed)	.000	.000	.002	.000		.000
	N	84	84	84	84	84	84
CBRtd12	Pearson Correlation	.724**	.697**	.674**	.830**	.855**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	84	84	84	84	84	84

**. Correlation is significant at the 0.01 level (2-tailed).

Table : 6.158.
Pearson Correlation Coefficient with CBRs

		PSRfin	PSRpls	PSRmudh	PSRmusy	PSRmura	CBRwc	CBRl	CBRc
PSRfin	Pearson Correlation	1	.647**	.720**	-.396**	.862**	.680**	.647**	.666**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000
	N	83	83	83	83	83	83	83	83
PSRpls	Pearson Correlation	.647**	1	.816**	.305**	.496**	.255*	.223*	.477**
	Sig. (2-tailed)	.000		.000	.005	.000	.019	.041	.000
	N	83	84	84	84	84	84	84	84
PSRmudh	Pearson Correlation	.720**	.816**	1	-.008	.616**	.420**	.398**	.359**
	Sig. (2-tailed)	.000	.000		.946	.000	.000	.000	.001
	N	83	84	84	84	84	84	84	84
PSRmusy	Pearson Correlation	-.396**	.305**	-.008	1	-.270*	-.673**	-.653**	-.437**
	Sig. (2-tailed)	.000	.005	.946		.013	.000	.000	.000
	N	83	84	84	84	84	84	84	84
PSRmura	Pearson Correlation	.862**	.496**	.616**	-.270*	1	.424**	.372**	.408**
	Sig. (2-tailed)	.000	.000	.000	.013		.000	.000	.000
	N	83	84	84	84	84	84	84	84
CBRwc	Pearson Correlation	.680**	.255*	.420**	-.673**	.424**	1	.970**	.720**
	Sig. (2-tailed)	.000	.019	.000	.000	.000		.000	.000
	N	83	84	84	84	84	84	84	84
CBRl	Pearson Correlation	.647**	.223*	.398**	-.653**	.372**	.970**	1	.714**
	Sig. (2-tailed)	.000	.041	.000	.000	.000	.000		.000
	N	83	84	84	84	84	84	84	84
CBRc	Pearson Correlation	.666**	.477**	.359**	-.437**	.408**	.720**	.714**	1
	Sig. (2-tailed)	.000	.000	.001	.000	.000	.000	.000	
	N	83	84	84	84	84	84	84	84

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Table : 6.159.
Pearson Correlation Coefficient of Financing Variables

		iBFinTot	IBDepTot	PLSFin	MudhFin	MusyFin	MuraFin	PSRfin	PSRpls	PSRmura	IMMR	CPI	IPI
iBFinTot	Pearson Correlation	1	.997**	.987**	.953**	.982**	.998**	-.491**	-.218*	-.161	-.550**	-.309**	-.002
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.017	.080	.000	.001	.983
	N	120	120	120	120	120	120	120	120	120	120	120	120
IBDepTot	Pearson Correlation	.997**	1	.991**	.954**	.986**	.994**	-.495**	-.238**	-.154	-.564**	-.321**	-.004
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000	.009	.093	.000	.000	.968
	N	120	120	120	120	120	120	120	120	120	120	120	120
PLSFin	Pearson Correlation	.987**	.991**	1	.949**	.998**	.982**	-.443**	-.249**	-.135	-.511**	-.362**	-.006
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000	.006	.142	.000	.000	.948
	N	120	120	120	120	120	120	120	120	120	120	120	120
MudhFin	Pearson Correlation	.953**	.954**	.949**	1	.926**	.948**	-.305**	-.021	.010	-.606**	-.430**	.000
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.001	.816	.914	.000	.000	.992
	N	120	120	120	120	120	120	120	120	120	120	120	120
MusyFin	Pearson Correlation	.982**	.986**	.998**	.926**	1	.977**	-.467**	-.294**	-.164	-.484**	-.343**	-.007
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000	.001	.074	.000	.000	.939
	N	120	120	120	120	120	120	120	120	120	120	120	120
MuraFin	Pearson Correlation	.998**	.994**	.982**	.948**	.977**	1	-.496**	-.225*	-.181*	-.544**	-.296**	-.005
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000	.013	.048	.000	.001	.953
	N	120	120	120	120	120	120	120	120	120	120	120	120
PSRfin	Pearson Correlation	-.491**	-.495**	-.443**	-.305**	-.467**	-.496**	1	.696**	.765**	.154	-.169	.035
	Sig. (2-tailed)	.000	.000	.000	.001	.000	.000		.000	.000	.093	.065	.705
	N	120	120	120	120	120	120	120	120	120	120	120	120
PSRpls	Pearson Correlation	-.218*	-.238**	-.249**	-.021	-.294**	-.225*	.696**	1	.507**	-.087	-.145	.047
	Sig. (2-tailed)	.017	.009	.006	.816	.001	.013	.000		.000	.345	.115	.610
	N	120	120	120	120	120	120	120	120	120	120	120	120
PSRmura	Pearson Correlation	-.161	-.154	-.135	.010	-.164	-.181*	.765**	.507**	1	-.251**	-.288**	.043
	Sig. (2-tailed)	.080	.093	.142	.914	.074	.048	.000	.000		.006	.001	.642
	N	120	120	120	120	120	120	120	120	120	120	120	120
IMMR	Pearson Correlation	-.550**	-.564**	-.511**	-.606**	-.484**	-.544**	.154	-.087	-.251**	1	-.018	-.029
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.093	.345	.006		.844	.755
	N	120	120	120	120	120	120	120	120	120	120	120	120
CPI	Pearson Correlation	-.309**	-.321**	-.362**	-.430**	-.343**	-.296**	-.169	-.145	-.288**	-.018	1	.012
	Sig. (2-tailed)	.001	.000	.000	.000	.000	.001	.065	.115	.001	.844		.897
	N	120	120	120	120	120	120	120	120	120	120	120	120
IPI	Pearson Correlation	-.002	-.004	-.006	.000	-.007	-.005	.035	.047	.043	-.029	.012	1
	Sig. (2-tailed)	.983	.968	.948	.992	.939	.953	.705	.610	.642	.755	.897	
	N	120	120	120	120	120	120	120	120	120	120	120	120

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table : 6.160.
Variance Decomposition (VDC) for Model 3.2

Var: VAR_FORESTIMATES Workfile: PROFITABILITY OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DROA:

Period	S.E.	DROA	DIBDEPTOT	DIBFINTOT	DPSRDEP	DPSRFIN	DIMMR	DCPI	IPI
1	0.241993	100.0000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2	0.293179	95.18106	0.538503	0.129228	2.263609	0.474634	1.050573	0.247345	0.115050
3	0.323773	89.27219	1.025424	0.140018	5.280642	1.073299	2.532343	0.576313	0.099773
4	0.345501	84.10077	1.298994	0.123220	7.710060	1.547682	4.212338	0.914736	0.092204
5	0.361911	79.94991	1.408427	0.133133	9.413551	1.884446	5.882783	1.232120	0.095627
6	0.374615	76.65716	1.427308	0.193117	10.50345	2.111592	7.480357	1.526970	0.100043
7	0.384622	74.01648	1.404753	0.303938	11.15192	2.261427	8.956717	1.799533	0.105231
8	0.392594	71.87185	1.368121	0.455215	11.50093	2.357839	10.28558	2.050577	0.109894
9	0.398988	70.11547	1.330756	0.634438	11.65661	2.417521	11.45126	2.279982	0.113970
10	0.404130	68.67305	1.298227	0.829894	11.69329	2.451857	12.44891	2.487365	0.117399

Variance Decomposition of DIBDEPTOT:

Period	S.E.	DROA	DIBDEPTOT	DIBFINTOT	DPSRDEP	DPSRFIN	DIMMR	DCPI	IPI
1	1928.360	1.404147	98.59585	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2	2550.265	1.016802	92.63870	2.485970	1.131307	0.586809	1.234862	0.347105	0.558442
3	3040.264	1.148671	83.93644	5.705907	3.307927	1.601303	2.937825	0.867775	0.494150
4	3509.093	1.725386	74.29605	8.750489	5.775527	2.680680	4.856028	1.445887	0.469951
5	3983.759	2.707080	65.14330	11.04243	8.271324	3.683238	6.728040	2.002030	0.422560
6	4473.535	3.936540	56.99376	12.53682	10.60486	4.543507	8.495268	2.511572	0.377668
7	4979.673	5.260466	50.00017	13.34643	12.69764	5.252700	10.13897	2.969158	0.334474
8	5500.700	6.560780	44.11353	13.64072	14.51744	5.823037	11.66928	3.379736	0.295476
9	6034.049	7.766097	39.20585	13.57530	16.06562	6.275217	13.10009	3.750891	0.260932
10	6576.937	8.841080	35.12806	13.27451	17.36045	6.630579	14.44432	4.090169	0.230831

Variance Decomposition of DIBFINTOT:

Period	S.E.	DROA	DIBDEPTOT	DIBFINTOT	DPSRDEP	DPSRFIN	DIMMR	DCPI	IPI
1	2670.567	5.443583	2.070700	92.48572	0.000000	0.000000	0.000000	0.000000	0.000000
2	3610.572	8.201548	1.210219	88.74600	0.937320	0.179433	0.051485	0.040117	0.633875
3	4280.326	11.09962	0.921641	83.24041	3.219217	0.619507	0.192797	0.128674	0.578132
4	4862.388	13.51603	0.995911	76.72816	6.139246	1.207420	0.576546	0.283893	0.552796
5	5409.691	15.45344	1.295467	69.89651	9.237230	1.865236	1.252925	0.499994	0.499204
6	5945.765	16.91607	1.717597	63.24333	12.14152	2.525167	2.239433	0.770166	0.446723
7	6480.157	17.97047	2.193842	57.03657	14.67395	3.148867	3.496631	1.083145	0.396523
8	7016.692	18.68809	2.680791	51.40166	16.77160	3.716202	4.962552	1.427677	0.351423
9	7556.346	19.13928	3.153090	46.37044	18.44643	4.220063	6.565955	1.793029	0.311715
10	8098.704	19.38545	3.597253	41.92376	19.74568	4.660600	8.240138	2.169878	0.277245

Table : 6.161.
Variance Decomposition (VDC) for Model 3.2

Var: VAR_FORESTIMATES Workfile: PROFITABILITY OF ISLAMIC BANKS::Profitability\

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Variance Decomposition

Variance Decomposition of DPSRDEP:

Period	S.E.	DROA	DIBDEPTOT	DIBFINTOT	DPSRDEP	DPSRFIN	DIMMR	DCPI	IPI
1	0.317218	1.144528	1.262136	2.275958	95.31738	0.000000	0.000000	0.000000	0.000000
2	0.393401	3.896478	0.931299	3.207848	91.05081	0.142081	0.438886	0.010191	0.322405
3	0.432830	6.145278	0.776529	3.677105	86.84853	0.294818	1.872282	0.101336	0.284123
4	0.459191	7.748889	0.690668	3.984873	82.61239	0.375048	4.007832	0.308807	0.271490
5	0.479207	8.739655	0.642128	4.176012	78.60599	0.398574	6.547069	0.635238	0.255334
6	0.495644	9.284580	0.617700	4.308851	74.96494	0.391047	9.140455	1.049421	0.243007
7	0.509602	9.532676	0.611255	4.411150	71.76143	0.373317	11.56381	1.513724	0.232643
8	0.521569	9.599687	0.618851	4.500529	69.01364	0.356384	13.69320	1.993463	0.224247
9	0.531802	9.564264	0.637110	4.585413	66.70136	0.344223	15.48744	2.462780	0.217414
10	0.540484	9.476907	0.662895	4.669366	64.78337	0.336978	16.95400	2.904590	0.211899

Variance Decomposition of DPSRFIN:

Period	S.E.	DROA	DIBDEPTOT	DIBFINTOT	DPSRDEP	DPSRFIN	DIMMR	DCPI	IPI
1	0.428889	0.113160	4.182895	0.040284	0.088083	95.57558	0.000000	0.000000	0.000000
2	0.561087	0.143889	3.917768	0.026593	0.725232	94.07957	0.293711	0.360984	0.452254
3	0.637787	0.164818	3.726467	0.038024	1.252519	92.71257	0.613549	1.024212	0.467838
4	0.688309	0.161822	3.566758	0.061534	1.661318	91.24820	0.910242	1.881951	0.508172
5	0.723315	0.151850	3.432585	0.105371	1.930800	89.92382	1.118022	2.815648	0.521905
6	0.748633	0.141971	3.319218	0.168742	2.094172	88.76525	1.236971	3.743140	0.530536
7	0.767532	0.135953	3.224350	0.250346	2.182781	87.78121	1.283533	4.607969	0.533859
8	0.782051	0.135062	3.145610	0.345645	2.223945	86.95376	1.282947	5.378305	0.534723
9	0.793491	0.139321	3.080644	0.449330	2.237108	86.26023	1.259030	6.040287	0.534048
10	0.802714	0.148206	3.027184	0.555985	2.235137	85.67752	1.230734	6.592659	0.532577

Variance Decomposition of DIMMR:

Period	S.E.	DROA	DIBDEPTOT	DIBFINTOT	DPSRDEP	DPSRFIN	DIMMR	DCPI	IPI
1	0.596018	0.032483	3.044669	3.736868	0.007503	0.454782	92.72369	0.000000	0.000000
2	0.816029	0.027099	3.403931	3.700485	0.244565	0.939547	91.46146	0.129488	0.093427
3	0.966847	0.028854	3.649064	3.562906	0.489427	1.496862	90.31671	0.372489	0.083685
4	1.077428	0.028556	3.850415	3.481092	0.643261	2.087880	89.16635	0.657009	0.085437
5	1.160669	0.026423	4.026660	3.434676	0.723475	2.661586	88.09599	0.945698	0.085489
6	1.223924	0.024188	4.187051	3.417464	0.752766	3.190705	87.12497	1.215997	0.086862
7	1.272200	0.022422	4.334054	3.418684	0.752712	3.659838	86.26619	1.457711	0.088386
8	1.309107	0.021181	4.468144	3.430680	0.738148	4.063863	85.52063	1.667329	0.090023
9	1.337347	0.020328	4.589150	3.447581	0.718485	4.403865	84.88367	1.845374	0.091550
10	1.358972	0.019716	4.697027	3.465435	0.699094	4.684745	84.34667	1.994422	0.092894

Table : 6.162.
Variance Decomposition (VDC) for Model 3.2

Var: VAR_FORESTIMATES Workfile: PROFITABILITY OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DIMMR:

Period	S.E.	DROA	DIBDEPTOT	DIBFINTOT	DPSRDEP	DPSRFIN	DIMMR	DCPI	IPI
1	0.596018	0.032483	3.044669	3.736868	0.007503	0.454782	92.72369	0.000000	0.000000
2	0.816029	0.027099	3.403931	3.700485	0.244565	0.939547	91.46146	0.129488	0.093427
3	0.966847	0.028854	3.649064	3.562906	0.489427	1.496862	90.31671	0.372489	0.083685
4	1.077428	0.028556	3.850415	3.481092	0.643261	2.087880	89.16635	0.657009	0.085437
5	1.160669	0.026423	4.026660	3.434676	0.723475	2.661586	88.09599	0.945698	0.085489
6	1.223924	0.024188	4.187051	3.417464	0.752766	3.190705	87.12497	1.215997	0.086862
7	1.272200	0.022422	4.334054	3.418684	0.752712	3.659838	86.26619	1.457711	0.088386
8	1.309107	0.021181	4.468144	3.430680	0.738148	4.063863	85.52063	1.667329	0.090023
9	1.337347	0.020328	4.589150	3.447581	0.718485	4.403865	84.88367	1.845374	0.091550
10	1.358972	0.019716	4.697027	3.465435	0.699094	4.684745	84.34667	1.994422	0.092894

Variance Decomposition of DCPI:

Period	S.E.	DROA	DIBDEPTOT	DIBFINTOT	DPSRDEP	DPSRFIN	DIMMR	DCPI	IPI
1	5.781830	10.54641	0.003078	1.037431	1.451715	0.657879	0.033115	86.27037	0.000000
2	7.561399	8.362963	0.175150	2.035988	1.866660	2.532526	1.157836	83.82612	0.042754
3	8.752967	6.924118	0.317365	2.815527	2.337672	4.841892	3.162678	79.53357	0.067178
4	9.665479	5.946648	0.389867	3.304554	2.760197	7.246344	5.301819	74.95797	0.092598
5	10.39990	5.255966	0.411208	3.568766	3.097062	9.557288	7.245175	70.75085	0.113682
6	11.00267	4.752803	0.404676	3.680389	3.342249	11.68521	8.876786	67.12541	0.132473
7	11.50122	4.377167	0.386490	3.698676	3.509117	13.59232	10.18923	64.09795	0.149046
8	11.91471	4.091453	0.365770	3.664527	3.616295	15.27001	11.21723	61.61088	0.163830
9	12.25786	3.871030	0.346861	3.604377	3.681521	16.72549	12.00817	59.58556	0.176987
10	12.54256	3.699174	0.331345	3.534334	3.719091	17.97450	12.60861	57.94428	0.188666

Variance Decomposition of IPI:

Period	S.E.	DROA	DIBDEPTOT	DIBFINTOT	DPSRDEP	DPSRFIN	DIMMR	DCPI	IPI
1	3.061137	0.564926	0.089016	1.331629	0.719850	0.221069	1.167951	0.014847	95.89071
2	3.249049	0.696010	0.177929	1.991977	1.207305	0.231286	1.533269	0.145881	94.01634
3	3.263629	0.691605	0.201246	1.980134	1.208830	0.229279	1.521239	0.163487	94.00418
4	3.267510	0.693246	0.215670	2.022413	1.243084	0.231874	1.522879	0.187142	93.88369
5	3.268190	0.692958	0.222168	2.030176	1.248273	0.233228	1.523903	0.198661	93.85063
6	3.268638	0.692792	0.225825	2.035955	1.250334	0.235377	1.526103	0.206711	93.82690
7	3.268920	0.692687	0.227874	2.037973	1.250337	0.237603	1.531278	0.211561	93.81069
8	3.269159	0.692612	0.229139	2.038910	1.250157	0.240096	1.537248	0.214688	93.79715
9	3.269368	0.692574	0.229957	2.039222	1.250154	0.242687	1.543487	0.216683	93.78524
10	3.269551	0.692556	0.230520	2.039288	1.250336	0.245304	1.549256	0.217996	93.77474

Cholesky Ordering: DROA DIBDEPTOT DIBFINTOT DPSRDEP DPSRFIN DIMMR DCPI IPI

Table : 6.163.
Variance Decomposition (VDC) for Model 3.3

Var: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DWADSAV:

Period	S.E.	DWADSAV	PSRWADSAV	DIMMR	DCPI	IPI
1	1082.736	100.0000	0.000000	0.000000	0.000000	0.000000
2	1514.267	98.59343	0.014320	0.253344	0.079964	1.058939
3	1814.091	98.16895	0.032206	0.616447	0.174314	1.008082
4	2054.696	97.53706	0.037998	1.075363	0.300411	1.049170
5	2255.529	96.90753	0.035546	1.569996	0.441899	1.045026
6	2429.149	96.25652	0.030699	2.074673	0.595810	1.042298
7	2582.191	95.61004	0.029320	2.568392	0.757415	1.034830
8	2719.191	94.97477	0.035453	3.039053	0.924007	1.026721
9	2843.186	94.35826	0.051167	3.479197	1.093270	1.018103
10	2956.381	93.76498	0.076907	3.885039	1.263470	1.009609

Variance Decomposition of PSRWADSAV:

Period	S.E.	DWADSAV	PSRWADSAV	DIMMR	DCPI	IPI
1	0.180978	0.179885	99.82011	0.000000	0.000000	0.000000
2	0.229897	0.311110	99.59671	0.016447	0.070378	0.005355
3	0.255779	0.447411	99.29190	0.040263	0.213528	0.006898
4	0.270955	0.581826	98.94537	0.060491	0.403453	0.008864
5	0.280317	0.705829	98.59188	0.073334	0.618655	0.010299
6	0.286277	0.815446	98.25320	0.078894	0.841008	0.011449
7	0.290152	0.908997	97.94189	0.079544	1.057296	0.012276
8	0.292713	0.986715	97.66352	0.078319	1.258595	0.012852
9	0.294426	1.049895	97.41921	0.077989	1.439681	0.013228
10	0.295586	1.100384	97.20741	0.080582	1.598164	0.013458

Variance Decomposition of DIMMR:

Period	S.E.	DWADSAV	PSRWADSAV	DIMMR	DCPI	IPI
1	0.576898	0.048012	0.084166	99.86782	0.000000	0.000000
2	0.765682	0.034769	0.927540	98.87197	0.000205	0.165513
3	0.890708	0.113691	2.829151	96.90696	0.003291	0.146911
4	0.984009	0.259170	5.161973	94.42250	0.016258	0.140100
5	1.057749	0.460604	7.548623	91.81608	0.046088	0.128601
6	1.117668	0.703630	9.778129	89.30355	0.096044	0.118645
7	1.167124	0.980447	11.75481	86.98722	0.167571	0.109948
8	1.208311	1.284969	13.44872	84.90358	0.259916	0.102816
9	1.242825	1.613082	14.86562	83.05306	0.371052	0.097185
10	1.271896	1.961516	16.02852	81.41894	0.498068	0.092950

Table : 6.164.
Variance Decomposition (VDC) for Model 3.3

Var: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DIMMR:

Period	S.E.	DWADSAV	PSRWADSAV	DIMMR	DCPI	IPI
1	0.576898	0.048012	0.084166	99.86782	0.000000	0.000000
2	0.765682	0.034769	0.927540	98.87197	0.000205	0.165513
3	0.890708	0.113691	2.829151	96.90696	0.003291	0.146911
4	0.984009	0.259170	5.161973	94.42250	0.016258	0.140100
5	1.057749	0.460604	7.548623	91.81608	0.046088	0.128601
6	1.117668	0.703630	9.778129	89.30355	0.096044	0.118645
7	1.167124	0.980447	11.75481	86.98722	0.167571	0.109948
8	1.208311	1.284969	13.44872	84.90358	0.259916	0.102816
9	1.242825	1.613082	14.86562	83.05306	0.371052	0.097185
10	1.271896	1.961516	16.02852	81.41894	0.498068	0.092950

Variance Decomposition of DCPI:

Period	S.E.	DWADSAV	PSRWADSAV	DIMMR	DCPI	IPI
1	5.887902	0.916921	0.018722	0.000799	99.06356	0.000000
2	7.826826	0.542427	0.013356	0.491437	98.93023	0.022546
3	9.073238	0.460118	0.011249	1.403141	98.08388	0.041610
4	9.974043	0.609442	0.011450	2.547769	96.76424	0.067103
5	10.66545	0.934859	0.032457	3.786781	95.15219	0.093709
6	11.21706	1.388756	0.093303	5.019540	93.37733	0.121071
7	11.66900	1.930854	0.205527	6.180275	91.53549	0.147850
8	12.04639	2.528830	0.371546	7.229735	89.69643	0.173463
9	12.36583	3.157359	0.586254	8.148670	87.91026	0.197455
10	12.63884	3.797213	0.839646	8.931863	86.21167	0.219608

Variance Decomposition of IPI:

Period	S.E.	DWADSAV	PSRWADSAV	DIMMR	DCPI	IPI
1	3.043974	1.487565	0.426592	0.568995	0.361991	97.15486
2	3.204630	1.507246	0.403927	0.571189	0.469242	97.04840
3	3.221390	1.499179	0.446504	0.574056	0.465443	97.01482
4	3.223799	1.504173	0.463769	0.573200	0.478540	96.98032
5	3.224301	1.505045	0.477890	0.574427	0.483039	96.95960
6	3.224611	1.508038	0.486558	0.575126	0.487432	96.94285
7	3.224820	1.510684	0.492752	0.576088	0.490224	96.93025
8	3.224993	1.513644	0.497100	0.576917	0.492335	96.92000
9	3.225134	1.516562	0.500293	0.577665	0.493852	96.91163
10	3.225252	1.519459	0.502672	0.578280	0.494983	96.90461

Cholesky Ordering: DWADSAV PSRWADSAV DIMMR DCPI IPI

Table : 6.165.
Variance Decomposition (VDC) for Model 3.4.

Var: MODEL02_VARFORIRF Workfile: DEPOSITS OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DMUDHSAV:

Period	S.E.	DMUDHSAV	DPSRMUD...	DIMMR	DCPI	IPI
1	878.3497	100.0000	0.000000	0.000000	0.000000	0.000000
2	1245.206	99.19541	0.210066	0.033644	0.190855	0.370022
3	1535.608	98.43568	0.520916	0.100368	0.579429	0.363604
4	1788.674	97.45827	0.881848	0.236012	1.037480	0.386386
5	2019.649	96.40520	1.249102	0.443924	1.512624	0.389152
6	2235.917	95.30947	1.607347	0.727488	1.966175	0.389522
7	2441.721	94.20486	1.948688	1.080894	2.379478	0.386082
8	2639.675	93.10935	2.271058	1.495498	2.743197	0.380894
9	2831.489	92.03590	2.574578	1.960382	3.054656	0.374487
10	3018.322	90.99299	2.860473	2.464203	3.314898	0.367435

Variance Decomposition of DPSRMUDHSAV:

Period	S.E.	DMUDHSAV	DPSRMUD...	DIMMR	DCPI	IPI
1	0.416383	0.418234	99.58177	0.000000	0.000000	0.000000
2	0.529695	0.531696	98.01971	0.539589	0.744212	0.164791
3	0.593238	0.666518	95.73724	1.340597	2.106213	0.149437
4	0.635612	0.768742	93.02364	2.202315	3.859846	0.145456
5	0.666376	0.841404	90.29230	2.959860	5.768827	0.137609
6	0.689916	0.885088	87.74575	3.554682	7.683168	0.131310
7	0.708431	0.905737	85.48364	3.977428	9.507232	0.125964
8	0.723218	0.909406	83.52954	4.248865	11.19052	0.121670
9	0.735126	0.901943	81.86925	4.400357	12.71023	0.118226
10	0.744762	0.888349	80.47083	4.464599	14.06075	0.115477

Variance Decomposition of DIMMR:

Period	S.E.	DMUDHSAV	DPSRMUD...	DIMMR	DCPI	IPI
1	0.591665	6.897828	0.012307	93.08986	0.000000	0.000000
2	0.789695	7.358630	0.255268	92.29836	4.43E-05	0.087696
3	0.919683	7.654616	0.791269	91.47274	0.004510	0.076861
4	1.014651	7.920248	1.458878	90.52537	0.022322	0.073184
5	1.087941	8.153007	2.170567	89.54658	0.062165	0.067679
6	1.146263	8.364330	2.870192	88.57396	0.128311	0.063205
7	1.193605	8.557554	3.528415	87.63251	0.222165	0.059360
8	1.232537	8.735898	4.130712	86.73505	0.342158	0.056185
9	1.264841	8.901335	4.671956	85.88827	0.484868	0.053568
10	1.291812	9.055425	5.152276	85.09517	0.645706	0.051427

Table : 6.166.
Variance Decomposition (VDC) for Model 3.4.

Var: MODEL02_VARFORIRF Workfile: DEPOSITS OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DIMMR:

Period	S.E.	DMUDHSAV	DPSRMUD...	DIMMR	DCPI	IPI
1	0.591665	6.897828	0.012307	93.08986	0.000000	0.000000
2	0.789695	7.358630	0.255268	92.29836	4.43E-05	0.087696
3	0.919683	7.654616	0.791269	91.47274	0.004510	0.076861
4	1.014651	7.920248	1.458878	90.52537	0.022322	0.073184
5	1.087941	8.153007	2.170567	89.54658	0.062165	0.067679
6	1.146263	8.364330	2.870192	88.57396	0.128311	0.063205
7	1.193605	8.557554	3.528415	87.63251	0.222165	0.059360
8	1.232537	8.735898	4.130712	86.73505	0.342158	0.056185
9	1.264841	8.901335	4.671956	85.88827	0.484868	0.053568
10	1.291812	9.055425	5.152276	85.09517	0.645706	0.051427

Variance Decomposition of DCPI:

Period	S.E.	DMUDHSAV	DPSRMUD...	DIMMR	DCPI	IPI
1	5.926536	2.518371	0.025144	0.092004	97.36448	0.000000
2	7.867222	2.324067	0.138851	0.830661	96.69275	0.013673
3	9.099891	2.164244	0.249364	1.991636	95.57506	0.019696
4	9.973684	2.026282	0.331326	3.408691	94.20638	0.027323
5	10.62686	1.909952	0.379143	4.966902	92.71003	0.033976
6	11.13092	1.812802	0.398395	6.578179	91.17049	0.040128
7	11.52806	1.732484	0.398064	8.180112	89.64379	0.045550
8	11.84550	1.666566	0.387096	9.728421	88.16761	0.050307
9	12.10190	1.612799	0.372776	11.19297	86.76703	0.054431
10	12.31056	1.569178	0.360280	12.55419	85.45837	0.057990

Variance Decomposition of IPI:

Period	S.E.	DMUDHSAV	DPSRMUD...	DIMMR	DCPI	IPI
1	3.063616	1.097109	0.423964	1.234309	0.368776	96.87584
2	3.221536	1.072102	0.420662	1.253644	0.494632	96.75896
3	3.237411	1.076549	0.419853	1.254464	0.492836	96.75630
4	3.239380	1.075446	0.420195	1.253526	0.512340	96.73849
5	3.239708	1.075844	0.420124	1.254369	0.520879	96.72878
6	3.239874	1.075800	0.420228	1.254791	0.529078	96.72010
7	3.239989	1.075831	0.420266	1.255771	0.534811	96.71332
8	3.240083	1.075819	0.420300	1.256833	0.539282	96.70777
9	3.240159	1.075805	0.420313	1.258052	0.542608	96.70322
10	3.240222	1.075786	0.420313	1.259314	0.545101	96.69949

Cholesky Ordering: DMUDHSAV DPSRMUDHSAV DIMMR DCPI IPI

Table : 6.167.
Variance Decomposition (VDC) for Model 3.5.

Var: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2015::Untitled\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DMUDHDEP01:

Period	S.E.	DMUDHDE...	DPSR_MU...	DIMMR	DCBR_TD01	DCPI	IPI
1	5351.661	100.0000	0.000000	0.000000	0.000000	0.000000	0.000000
2	7539.209	99.51358	0.226527	0.113311	0.045710	0.061822	0.039046
3	9199.259	98.87283	0.577167	0.316116	0.113888	0.056253	0.063741
4	10581.01	98.29557	0.900472	0.498968	0.169428	0.047741	0.087825
5	11777.40	97.83287	1.163244	0.647487	0.209524	0.040938	0.105933
6	12837.99	97.47198	1.369524	0.765443	0.236975	0.035856	0.120227
7	13792.90	97.19074	1.529911	0.860570	0.255365	0.032028	0.131382
8	14662.37	96.96928	1.654723	0.939175	0.267470	0.029088	0.140262
9	15460.76	96.79245	1.752216	1.005865	0.275270	0.026782	0.147419
10	16198.72	96.64918	1.828694	1.063797	0.280121	0.024939	0.153270

Variance Decomposition of DPSR_MUDHDEP01:

Period	S.E.	DMUDHDE...	DPSR_MU...	DIMMR	DCBR_TD01	DCPI	IPI
1	0.569644	0.129608	99.87039	0.000000	0.000000	0.000000	0.000000
2	0.718607	0.082121	96.66009	0.000325	0.369598	0.927625	1.960246
3	0.772907	0.075097	95.80390	0.027442	0.993200	1.144458	1.955902
4	0.797449	0.077179	94.77701	0.116997	1.775993	1.199108	2.053715
5	0.809267	0.097072	93.71002	0.345627	2.557689	1.213119	2.076475
6	0.816269	0.142560	92.57211	0.715110	3.276193	1.209447	2.084582
7	0.821697	0.226382	91.41070	1.197060	3.891786	1.198448	2.075622
8	0.826896	0.358507	90.26991	1.736283	4.394120	1.184213	2.056963
9	0.832301	0.546693	89.18486	2.279664	4.787437	1.168882	2.032461
10	0.837952	0.795036	88.17567	2.785552	5.084754	1.153571	2.005413

Variance Decomposition of DIMMR:

Period	S.E.	DMUDHDE...	DPSR_MU...	DIMMR	DCBR_TD01	DCPI	IPI
1	0.471984	9.376543	0.783377	89.84008	0.000000	0.000000	0.000000
2	0.599557	10.68763	3.436280	85.27933	0.398485	0.001551	0.196729
3	0.676417	11.17592	6.687272	81.11201	0.851560	0.018564	0.154677
4	0.729086	11.42803	9.458739	77.69556	1.231253	0.053266	0.133144
5	0.767092	11.53309	11.63520	75.12298	1.498027	0.087562	0.123144
6	0.794903	11.57757	13.27715	73.23392	1.676496	0.116710	0.118162
7	0.815377	11.59368	14.50059	71.85843	1.791486	0.139615	0.116210
8	0.830454	11.59931	15.40688	70.85709	1.864034	0.157113	0.115568
9	0.841544	11.60232	16.07639	70.12662	1.908804	0.170270	0.115596
10	0.849677	11.60629	16.56950	69.59248	1.935739	0.180088	0.115899

Table : 6.168.
Variance Decomposition (VDC) for Model 3.5.

Var: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2015::Untitled\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DCBR_TD01:

Period	S.E.	DMUDHDE...	DPSR_MU...	DIMMR	DCBR_TD01	DCPI	IPI
1	0.204530	0.004919	10.45014	5.777786	83.76716	0.000000	0.000000
2	0.280211	0.158538	6.419075	14.68229	77.75593	0.011971	0.972197
3	0.338106	0.748969	4.658862	23.23473	70.55258	0.009101	0.795756
4	0.389225	1.653618	5.134755	29.14167	63.39620	0.010182	0.663578
5	0.436012	2.853030	6.970581	32.72384	56.89505	0.019546	0.537958
6	0.478850	4.281293	9.358500	34.53363	51.34560	0.034782	0.446200
7	0.517847	5.900524	11.80080	35.14880	46.71417	0.051947	0.383758
8	0.553111	7.677208	14.03496	34.99569	42.88002	0.068430	0.343695
9	0.584878	9.583721	15.94893	34.36671	39.69832	0.082735	0.319588
10	0.613472	11.59354	17.51290	33.45466	37.03836	0.094264	0.306279

Variance Decomposition of DCPI:

Period	S.E.	DMUDHDE...	DPSR_MU...	DIMMR	DCBR_TD01	DCPI	IPI
1	1214.131	0.001092	8.554334	1.431794	0.446906	89.56587	0.000000
2	1236.588	0.021515	8.281540	4.495574	0.742383	86.45890	9.05E-05
3	1243.454	0.039887	8.244379	5.411837	0.785053	85.51137	0.007475
4	1246.926	0.067291	8.338767	5.759527	0.790310	85.03593	0.008178
5	1249.044	0.099067	8.461533	5.893365	0.789004	84.74810	0.008926
6	1250.506	0.135407	8.569426	5.946555	0.787337	84.55079	0.010481
7	1251.548	0.174668	8.650491	5.966064	0.786047	84.41087	0.011861
8	1252.317	0.215890	8.706777	5.971334	0.785087	84.30784	0.013072
9	1252.905	0.258077	8.743821	5.970631	0.784357	84.22909	0.014025
10	1253.375	0.300476	8.767143	5.967695	0.783782	84.16614	0.014765

Variance Decomposition of IPI:

Period	S.E.	DMUDHDE...	DPSR_MU...	DIMMR	DCBR_TD01	DCPI	IPI
1	2.898500	2.231403	1.836133	2.241011	0.694146	0.159299	92.83801
2	3.040345	2.200868	1.972732	2.270142	0.697008	0.178460	92.68079
3	3.052915	2.206485	1.956589	2.293729	0.699380	0.186737	92.65708
4	3.054388	2.204871	1.965180	2.292671	0.700298	0.186639	92.65034
5	3.054528	2.205777	1.965824	2.293499	0.700312	0.186860	92.64773
6	3.054566	2.206029	1.966313	2.293538	0.700773	0.186861	92.64649
7	3.054585	2.206590	1.966324	2.293798	0.701097	0.186870	92.64532
8	3.054603	2.207147	1.966303	2.294005	0.701426	0.186869	92.64425
9	3.054623	2.207804	1.966340	2.294232	0.701696	0.186867	92.64306
10	3.054644	2.208526	1.966453	2.294437	0.701922	0.186864	92.64180

Cholesky Ordering: DMUDHDEP01 DPSR_MUDHDEP01 DIMMR DCBR_TD01 DCPI IPI

Table : 6.169.
Variance Decomposition (VDC) for Model 3.6.

Var: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2015::Untitled\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DMUDHDEP03:

Period	S.E.	DMUDHDE...	DPSR_MU...	DIMMR	DCBR_TD03	DCPI	IPI
1	1345.755	100.0000	0.000000	0.000000	0.000000	0.000000	0.000000
2	2088.425	84.58778	1.666647	11.22225	2.274254	0.076759	0.172303
3	2556.484	77.26143	2.708628	15.28799	3.746940	0.064606	0.930398
4	2906.978	73.14534	4.109812	16.77967	4.483589	0.245890	1.235701
5	3193.873	71.05544	5.224780	17.36067	4.884710	0.298471	1.175925
6	3442.345	69.69250	5.928434	17.77162	5.121414	0.293019	1.193012
7	3660.846	68.58497	6.511480	18.16407	5.203313	0.288622	1.247548
8	3853.842	67.74313	7.014819	18.51637	5.178966	0.293974	1.252737
9	4026.106	67.08375	7.409719	18.85166	5.098600	0.301521	1.254758
10	4180.947	66.49528	7.751972	19.19698	4.981932	0.309479	1.264352

Variance Decomposition of DPSR_MUDHDEP03:

Period	S.E.	DMUDHDE...	DPSR_MU...	DIMMR	DCBR_TD03	DCPI	IPI
1	0.551534	5.422659	94.57734	0.000000	0.000000	0.000000	0.000000
2	0.686641	5.471046	92.99599	0.219225	0.367853	0.010183	0.935708
3	0.751941	6.067085	91.26986	0.203678	1.253527	0.406813	0.799042
4	0.796003	6.662074	89.86670	0.207767	1.982867	0.558937	0.721659
5	0.822711	6.847966	88.84931	0.297538	2.707697	0.581251	0.716242
6	0.838455	6.823453	87.86192	0.423555	3.560244	0.640294	0.690536
7	0.849233	6.727458	86.89504	0.547033	4.436554	0.718211	0.675703
8	0.856911	6.614107	85.96098	0.685092	5.299477	0.776693	0.663652
9	0.862852	6.532650	85.00713	0.826793	6.149542	0.828037	0.655851
10	0.868015	6.511486	84.05645	0.954329	6.947309	0.876634	0.653794

Variance Decomposition of DIMMR:

Period	S.E.	DMUDHDE...	DPSR_MU...	DIMMR	DCBR_TD03	DCPI	IPI
1	0.440290	3.983272	5.869807	90.14692	0.000000	0.000000	0.000000
2	0.510510	4.009799	8.694297	80.27694	4.662537	2.340466	0.015965
3	0.579267	3.125815	14.33952	69.84298	7.909867	4.742961	0.038865
4	0.638793	2.639094	20.20566	63.34984	9.375829	4.316502	0.113072
5	0.690124	2.272581	24.93244	58.95375	9.782625	3.958177	0.100427
6	0.736076	2.003091	29.15254	55.26289	9.741751	3.744109	0.095626
7	0.776357	1.827706	32.90374	52.10603	9.516039	3.557214	0.089278
8	0.809835	1.719963	35.96595	49.63237	9.208349	3.386940	0.086426
9	0.838010	1.659837	38.50871	47.64497	8.870948	3.234637	0.080900
10	0.861852	1.627699	40.65575	45.99208	8.540786	3.106290	0.077391

Table : 6.170.
Variance Decomposition (VDC) for Model 3.6.

Var: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2015::Untitled\

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Variance Decomposition

Variance Decomposition of DCBR_TD03:

Period	S.E.	DMUDHDE...	DPSR_MU...	DIMMR	DCBR_TD03	DCPI	IPI
1	0.096697	0.261237	4.337291	0.906268	94.49520	0.000000	0.000000
2	0.186210	1.266920	9.791611	2.342663	86.25710	0.298035	0.043673
3	0.264477	0.798071	9.012066	5.891013	83.41622	0.832514	0.050112
4	0.332800	0.616753	6.983580	8.601290	82.19279	1.534213	0.071376
5	0.393309	1.252975	5.128685	10.28521	81.04143	2.178100	0.113600
6	0.447931	2.675266	4.020185	11.17244	79.36627	2.586967	0.178876
7	0.498200	4.711440	3.766789	11.47275	77.00349	2.794514	0.251014
8	0.545061	7.154533	4.253360	11.34705	74.06038	2.862809	0.321864
9	0.588887	9.805234	5.270390	10.93563	70.76027	2.836921	0.391556
10	0.629673	12.50633	6.592260	10.35958	67.33331	2.751278	0.457245

Variance Decomposition of DCPI:

Period	S.E.	DMUDHDE...	DPSR_MU...	DIMMR	DCBR_TD03	DCPI	IPI
1	1248.085	0.323003	0.409771	4.495006	3.788238	90.98398	0.000000
2	1278.070	0.349013	2.064096	5.359792	4.369218	87.85704	0.000838
3	1288.362	0.343760	2.404201	5.354480	4.485377	87.38729	0.024891
4	1293.244	0.398145	2.902591	5.422723	4.514109	86.73304	0.029395
5	1297.627	0.509793	3.336214	5.446869	4.514079	86.14824	0.044808
6	1301.072	0.622872	3.685904	5.443462	4.502745	85.69993	0.045092
7	1304.157	0.723284	4.018519	5.428919	4.486965	85.29619	0.046126
8	1306.511	0.800415	4.274641	5.413106	4.471629	84.98910	0.051113
9	1308.222	0.861177	4.460257	5.400020	4.460135	84.76698	0.051430
10	1309.575	0.909217	4.605399	5.388930	4.452637	84.59216	0.051658

Variance Decomposition of IPI:

Period	S.E.	DMUDHDE...	DPSR_MU...	DIMMR	DCBR_TD03	DCPI	IPI
1	2.705117	0.131135	3.335777	1.043645	0.157891	1.587975	93.74358
2	3.019795	0.105981	8.358903	0.893486	0.963060	1.285727	88.39284
3	3.107674	0.810086	8.771182	1.000221	0.925909	1.214714	87.27789
4	3.212353	0.771194	8.862268	1.005955	0.979872	1.216343	87.16437
5	3.219112	0.817824	9.103422	1.023362	0.995395	1.213427	86.84657
6	3.231218	0.837154	9.039288	1.044531	0.988268	1.244833	86.84593
7	3.236723	0.850249	9.106065	1.041008	0.999481	1.248694	86.75450
8	3.237156	0.850389	9.106317	1.044177	0.999299	1.251874	86.74794
9	3.238040	0.852541	9.101374	1.044521	0.998762	1.254329	86.74847
10	3.238394	0.857841	9.110481	1.044476	1.000057	1.254059	86.73309

Cholesky Ordering: DMUDHDEP03 DPSR_MUDHDEP03 DIMMR DCBR_TD03 DCPI IPI

Table : 6.171.
Variance Decomposition (VDC) for Model 3.7.

Var: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2015::Untitled\

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Variance Decomposition

Variance Decomposition of DMUDHDEP12:

Period	S.E.	DMUDHDE...	DPSR_MU...	DIMMR	DCBR_TD12	DCPI	IPI
1	3349.056	100.0000	0.000000	0.000000	0.000000	0.000000	0.000000
2	4074.274	99.54122	0.268893	0.138718	0.038138	0.013026	3.73E-08
3	4402.587	98.78033	0.747986	0.348396	0.101277	0.015496	0.006510
4	4577.148	97.94798	1.262651	0.588163	0.171156	0.016593	0.013462
5	4679.216	97.18048	1.726072	0.820529	0.234614	0.017023	0.021278
6	4743.034	96.53334	2.105437	1.028492	0.287452	0.017181	0.028097
7	4784.781	96.01568	2.399142	1.205203	0.328979	0.017215	0.033786
8	4812.951	95.61471	2.618719	1.350588	0.360518	0.017197	0.038266
9	4832.367	95.31034	2.779273	1.467592	0.383927	0.017159	0.041707
10	4845.950	95.08219	2.895009	1.560345	0.401042	0.017119	0.044298

Variance Decomposition of DPSR_MUDHDEP12:

Period	S.E.	DMUDHDE...	DPSR_MU...	DIMMR	DCBR_TD12	DCPI	IPI
1	0.553331	0.244748	99.75525	0.000000	0.000000	0.000000	0.000000
2	0.664136	0.686364	97.81609	0.047285	0.755228	0.065361	0.629671
3	0.709129	1.243531	95.94155	0.321139	1.792306	0.081434	0.620040
4	0.731061	1.567424	93.72510	0.811360	3.173365	0.084039	0.638711
5	0.744361	1.699590	91.36398	1.541278	4.680021	0.082957	0.632170
6	0.754974	1.704553	88.96099	2.444798	6.187330	0.080744	0.621591
7	0.765139	1.662395	86.61318	3.451974	7.586355	0.078778	0.607318
8	0.775511	1.626023	84.39369	4.489207	8.821817	0.077528	0.591739
9	0.786070	1.620445	82.35199	5.500568	9.873952	0.077037	0.576007
10	0.796568	1.650659	80.51389	6.448732	10.74861	0.077174	0.560931

Variance Decomposition of DIMMR:

Period	S.E.	DMUDHDE...	DPSR_MU...	DIMMR	DCBR_TD12	DCPI	IPI
1	0.481374	7.234525	0.369559	92.39592	0.000000	0.000000	0.000000
2	0.615804	5.423961	0.359503	93.83553	0.019860	0.113188	0.247954
3	0.694908	4.302452	0.385367	94.90245	0.038223	0.131790	0.239716
4	0.746749	3.745527	0.397277	95.40168	0.063311	0.140645	0.251561
5	0.782938	3.506479	0.399204	95.60917	0.087856	0.143992	0.253296
6	0.809016	3.433499	0.395681	95.65787	0.112317	0.145338	0.255297
7	0.828223	3.440729	0.390229	95.63124	0.135877	0.145700	0.256223
8	0.842570	3.480732	0.384733	95.57346	0.158553	0.145650	0.256872
9	0.853399	3.529328	0.380039	95.50768	0.180276	0.145436	0.257243
10	0.861638	3.574994	0.376419	95.44492	0.201043	0.145180	0.257446

Table : 6.172.
Variance Decomposition (VDC) for Model 3.7.

Var: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2015::Untitled\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DCBR_TD12:

Period	S.E.	DMUDHDE...	DPSR_MU...	DIMMR	DCBR_TD12	DCPI	IPI
1	0.236642	0.210135	5.870596	1.270678	92.64859	0.000000	0.000000
2	0.336231	1.479723	3.149243	3.881612	91.48413	0.004324	0.000968
3	0.419660	3.020452	4.360717	6.616465	85.98915	0.004721	0.008498
4	0.495361	4.510008	6.857578	9.014033	79.59054	0.011356	0.016489
5	0.564250	5.791155	9.461822	11.01180	73.68939	0.020761	0.025071
6	0.626280	6.842029	11.76189	12.65026	68.68327	0.030645	0.031901
7	0.681468	7.682982	13.66969	14.00012	64.57015	0.039887	0.037175
8	0.730072	8.347815	15.21125	15.12312	61.22866	0.048102	0.041045
9	0.772529	8.869664	16.44398	16.06792	58.51938	0.055220	0.043833
10	0.809381	9.277361	17.42660	16.87092	56.31801	0.061311	0.045799

Variance Decomposition of DCPI:

Period	S.E.	DMUDHDE...	DPSR_MU...	DIMMR	DCBR_TD12	DCPI	IPI
1	1177.553	3.09E-05	0.982938	1.060054	3.280028	94.67695	0.000000
2	1222.639	0.000951	6.344127	2.224821	3.074828	88.21153	0.143740
3	1236.479	0.031804	7.915376	2.629309	3.011181	86.27177	0.140559
4	1243.414	0.051398	8.594021	2.891289	3.002300	85.31563	0.145359
5	1246.602	0.062291	8.854218	3.030301	3.026174	84.88203	0.144984
6	1248.108	0.064784	8.940099	3.102218	3.069664	84.67837	0.144869
7	1248.865	0.064717	8.958161	3.134674	3.121492	84.57626	0.144696
8	1249.339	0.066068	8.954997	3.146471	3.175558	84.51231	0.144599
9	1249.735	0.070746	8.949563	3.148470	3.227863	84.45879	0.144568
10	1250.134	0.079024	8.948317	3.146870	3.276337	84.40488	0.144574

Variance Decomposition of IPI:

Period	S.E.	DMUDHDE...	DPSR_MU...	DIMMR	DCBR_TD12	DCPI	IPI
1	2.877803	1.315069	0.333213	2.392689	4.447686	0.231024	91.28032
2	3.037114	2.393226	0.338213	2.454316	4.339066	0.232781	90.24240
3	3.050364	2.397100	0.336111	2.453025	4.315593	0.236018	90.26215
4	3.053316	2.483085	0.335566	2.455477	4.320564	0.236268	90.16904
5	3.053894	2.507584	0.336498	2.454607	4.321276	0.236221	90.14381
6	3.054332	2.527360	0.338463	2.454508	4.325008	0.236173	90.11849
7	3.054618	2.538552	0.341404	2.454171	4.327924	0.236130	90.10182
8	3.054852	2.546541	0.344648	2.453854	4.330837	0.236100	90.08802
9	3.055041	2.552150	0.347906	2.453556	4.333340	0.236076	90.07697
10	3.055196	2.556342	0.350954	2.453309	4.335520	0.236057	90.06782

Cholesky Ordering: DMUDHDEP12 DPSR_MUDHDEP12 DIMMR DCBR_TD12 DCPI IPI

Table : 6.173.
Variance Decomposition (VDC) for Model 3.8.

Var: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2015::Untitled\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DMUDHDEP:

Period	S.E.	DMUDHDEP	DPSR_MU...	DIMMR	DCPI	IPI
1	2866.777	100.0000	0.000000	0.000000	0.000000	0.000000
2	4149.704	97.50157	0.668999	1.368897	0.126300	0.334230
3	5239.108	95.80852	0.951484	2.300696	0.304449	0.634847
4	6086.646	94.91847	0.969262	3.085562	0.482812	0.543899
5	6814.889	94.03542	0.974657	3.890073	0.574397	0.525447
6	7467.241	93.19589	0.982803	4.659944	0.629773	0.531587
7	8058.872	92.40503	0.984035	5.429523	0.676592	0.504823
8	8605.117	91.61932	0.969080	6.211257	0.717643	0.482694
9	9112.349	90.85055	0.944752	6.983363	0.752389	0.468945
10	9585.158	90.11403	0.914527	7.736151	0.782164	0.453125

Variance Decomposition of DPSR_MUDHDEP:

Period	S.E.	DMUDHDEP	DPSR_MU...	DIMMR	DCPI	IPI
1	0.499937	0.442061	99.55794	0.000000	0.000000	0.000000
2	0.617290	6.268610	89.54418	0.639893	1.231849	2.315469
3	0.681713	6.567653	86.16871	3.185762	2.026655	2.051217
4	0.719522	6.528566	83.67606	5.294334	2.659714	1.841323
5	0.744780	6.188039	81.44560	7.440656	2.942806	1.982902
6	0.762838	5.909718	79.23312	9.752274	3.086798	2.018093
7	0.776377	5.710597	77.23105	11.92529	3.152668	1.980395
8	0.787285	5.604220	75.40225	13.82580	3.177013	1.990718
9	0.796432	5.581833	73.76103	15.48412	3.172020	2.000999
10	0.804132	5.631333	72.36392	16.86508	3.149787	1.989886

Variance Decomposition of DIMMR:

Period	S.E.	DMUDHDEP	DPSR_MU...	DIMMR	DCPI	IPI
1	0.485875	8.954128	5.094978	85.95089	0.000000	0.000000
2	0.585895	7.128907	7.181360	85.33472	0.041037	0.313977
3	0.673757	6.844557	8.497642	83.95739	0.055816	0.644594
4	0.733900	6.608199	10.00272	82.78122	0.061191	0.546675
5	0.777969	6.658103	11.19087	81.58032	0.055364	0.515345
6	0.811114	6.705497	12.24412	80.47831	0.050950	0.521116
7	0.836034	6.739224	13.16145	79.55178	0.049195	0.498352
8	0.854469	6.774231	13.93000	78.76480	0.049682	0.481293
9	0.868192	6.800446	14.57656	78.09922	0.051687	0.472088
10	0.878355	6.812725	15.11543	77.55393	0.054858	0.463055

Variance Decomposition of DCPI:

Table : 6.174.
Variance Decomposition (VDC) for Model 3.8.

Var: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2015::Untitled\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

1	0.485875	8.954128	5.094978	85.95089	0.000000	0.000000
2	0.585895	7.128907	7.181360	85.33472	0.041037	0.313977
3	0.673757	6.844557	8.497642	83.95739	0.055816	0.644594
4	0.733900	6.608199	10.00272	82.78122	0.061191	0.546675
5	0.777969	6.658103	11.19087	81.58032	0.055364	0.515345
6	0.811114	6.705497	12.24412	80.47831	0.050950	0.521116
7	0.836034	6.739224	13.16145	79.55178	0.049195	0.498352
8	0.854469	6.774231	13.93000	78.76480	0.049682	0.481293
9	0.868192	6.800446	14.57656	78.09922	0.051687	0.472088
10	0.878355	6.812725	15.11543	77.55393	0.054858	0.463055

Variance Decomposition of DCPI:

Period	S.E.	DMUDHDEP	DPSR_MU...	DIMMR	DCPI	IPI
1	1196.205	0.020313	4.678383	2.889933	92.41137	0.000000
2	1234.227	0.038008	6.313921	6.825923	86.81079	0.011357
3	1263.419	0.204510	9.262275	6.754028	83.70790	0.071288
4	1278.636	0.954489	10.39865	6.789412	81.73070	0.126741
5	1285.525	1.172334	11.04545	6.718452	80.90139	0.162372
6	1289.727	1.323318	11.39779	6.674865	80.42343	0.180594
7	1292.233	1.381727	11.65326	6.649360	80.13311	0.182536
8	1293.932	1.420733	11.81119	6.639624	79.93693	0.191518
9	1295.052	1.447375	11.90627	6.646696	79.80844	0.191221
10	1295.826	1.461343	11.96421	6.662284	79.72063	0.191532

Variance Decomposition of IPI:

Period	S.E.	DMUDHDEP	DPSR_MU...	DIMMR	DCPI	IPI
1	2.732299	0.299378	0.439792	0.623716	0.149601	98.48751
2	3.002200	0.989204	0.733370	1.476852	0.132286	96.66829
3	3.064433	0.950895	0.911073	1.640096	0.132217	96.36572
4	3.149762	0.929146	0.929862	1.659898	0.135128	96.34597
5	3.151962	0.965981	0.933593	1.687663	0.135027	96.27774
6	3.162241	0.972166	0.944070	1.679075	0.134435	96.27025
7	3.165945	0.969959	0.961647	1.689441	0.135292	96.24366
8	3.166257	0.973317	0.962340	1.689749	0.135720	96.23887
9	3.167182	0.976799	0.964277	1.688854	0.135655	96.23441
10	3.167318	0.977237	0.968474	1.689353	0.135824	96.22911

Cholesky Ordering: DMUDHDEP DPSR_MUDHDEP DIMMR DCPI IPI

Table : 6.175.

Variance Decomposition (VDC) for Model 3.9.

Var: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2015::Untitled\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DIBDEPTOT:

Period	S.E.	DIBDEPTOT	DPSRDEP	DIMMR	DCPI	IPI
1	2452.435	100.0000	0.000000	0.000000	0.000000	0.000000
2	3506.449	98.14426	0.590339	0.071759	0.339445	0.854201
3	4325.184	96.72182	1.813028	0.313788	0.423384	0.727980
4	5040.814	94.99818	3.069545	0.808815	0.455416	0.668048
5	5695.374	93.21348	4.195729	1.526610	0.471143	0.593035
6	6308.920	91.44344	5.114840	2.432176	0.479485	0.530059
7	6891.900	89.74080	5.829399	3.469961	0.484521	0.475316
8	7450.324	88.13048	6.364564	4.588184	0.487843	0.428924
9	7987.805	86.62515	6.753664	5.741462	0.490245	0.389480
10	8506.629	85.22929	7.028414	6.894283	0.492106	0.355908

Variance Decomposition of DPSRDEP:

Period	S.E.	DIBDEPTOT	DPSRDEP	DIMMR	DCPI	IPI
1	0.329205	1.757017	98.24298	0.000000	0.000000	0.000000
2	0.405518	1.576253	96.00190	1.338491	0.055370	1.027989
3	0.439271	1.448660	93.39037	4.032429	0.060138	1.068407
4	0.458561	1.351275	90.26072	7.178679	0.057153	1.152171
5	0.471211	1.283034	87.20944	10.27775	0.054194	1.175582
6	0.480328	1.235013	84.54395	12.98280	0.052316	1.185919
7	0.487154	1.200646	82.37972	15.18269	0.051369	1.185574
8	0.492304	1.175688	80.70813	16.88357	0.050988	1.181624
9	0.496159	1.157852	79.46284	18.15191	0.050875	1.176526
10	0.499002	1.146082	78.56071	19.07062	0.050853	1.171740

Variance Decomposition of DIMMR:

Period	S.E.	DIBDEPTOT	DPSRDEP	DIMMR	DCPI	IPI
1	0.483269	2.865149	0.115527	97.01932	0.000000	0.000000
2	0.633928	3.107464	0.224136	96.31360	0.082174	0.272628
3	0.725191	3.211112	0.360000	96.06625	0.104690	0.257947
4	0.784847	3.286407	0.477486	95.85458	0.117406	0.264117
5	0.825295	3.343907	0.578752	95.69113	0.125071	0.261143
6	0.853168	3.390841	0.660528	95.55932	0.130218	0.259096
7	0.872562	3.429940	0.724671	95.45476	0.133789	0.256844
8	0.886131	3.463059	0.773445	95.37216	0.136343	0.254995
9	0.895659	3.491363	0.809623	95.30734	0.138201	0.253473
10	0.902369	3.515710	0.835820	95.25663	0.139571	0.252268

Table : 6.176.
Variance Decomposition (VDC) for Model 3.9.

Var: UNTITLED Workfile: DEPOSITS OF ISLAMIC BANKS 2009-2015::Untitled\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DIMMR:

Period	S.E.	DIBDEPTOT	DPSRDEP	DIMMR	DCPI	IPI
1	0.483269	2.865149	0.115527	97.01932	0.000000	0.000000
2	0.633928	3.107464	0.224136	96.31360	0.082174	0.272628
3	0.725191	3.211112	0.360000	96.06625	0.104690	0.257947
4	0.784847	3.286407	0.477486	95.85458	0.117406	0.264117
5	0.825295	3.343907	0.578752	95.69113	0.125071	0.261143
6	0.853168	3.390841	0.660528	95.55932	0.130218	0.259096
7	0.872562	3.429940	0.724671	95.45476	0.133789	0.256844
8	0.886131	3.463059	0.773445	95.37216	0.136343	0.254995
9	0.895659	3.491363	0.809623	95.30734	0.138201	0.253473
10	0.902369	3.515710	0.835820	95.25663	0.139571	0.252268

Variance Decomposition of DCPI:

Period	S.E.	DIBDEPTOT	DPSRDEP	DIMMR	DCPI	IPI
1	1224.704	3.304613	2.184562	2.085001	92.42582	0.000000
2	1230.360	3.274308	2.168742	2.821786	91.72419	0.010973
3	1232.867	3.264355	2.170215	3.192586	91.35344	0.019405
4	1234.656	3.256126	2.174733	3.460414	91.08918	0.019542
5	1235.884	3.250069	2.179476	3.641388	90.90860	0.020469
6	1236.728	3.245678	2.184378	3.764405	90.78471	0.020826
7	1237.301	3.242697	2.188890	3.846525	90.70075	0.021141
8	1237.687	3.240889	2.192916	3.900695	90.64416	0.021343
9	1237.946	3.240065	2.196406	3.935790	90.60625	0.021492
10	1238.119	3.240064	2.199391	3.958050	90.58090	0.021598

Variance Decomposition of IPI:

Period	S.E.	DIBDEPTOT	DPSRDEP	DIMMR	DCPI	IPI
1	2.877273	0.016797	1.157727	1.037142	0.245972	97.54236
2	3.018586	0.017042	1.332859	1.044672	0.229746	97.37568
3	3.031249	0.018509	1.321747	1.065331	0.229516	97.36490
4	3.032789	0.018509	1.331530	1.065105	0.229383	97.35547
5	3.032990	0.018626	1.332443	1.070892	0.229373	97.34867
6	3.033076	0.018668	1.333201	1.074324	0.229361	97.34445
7	3.033131	0.018717	1.333299	1.077672	0.229353	97.34096
8	3.033171	0.018766	1.333291	1.080164	0.229347	97.33843
9	3.033202	0.018824	1.333265	1.082060	0.229342	97.33651
10	3.033224	0.018893	1.333259	1.083410	0.229339	97.33510

Cholesky Ordering: DIBDEPTOT DPSRDEP DIMMR DCPI IPI

Table : 6.177.
Variance Decomposition (VDC) for Model 3.10.

Var: UNTITLED Workfile: FINANCING OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DMUDHFIN:

Period	S.E.	DMUDHFIN	DPSRPLS	DIMMR	DCPI	IPI
1	463.8000	100.0000	0.000000	0.000000	0.000000	0.000000
2	646.9643	99.69478	0.071630	0.087593	0.030002	0.115991
3	781.8308	99.37219	0.225644	0.225108	0.074044	0.103016
4	892.4189	98.95087	0.427380	0.393585	0.128284	0.099882
5	987.5734	98.49211	0.658854	0.570707	0.185116	0.093210
6	1071.944	98.02120	0.904449	0.745636	0.241253	0.087460
7	1148.219	97.55829	1.154076	0.911239	0.294323	0.082070
8	1218.135	97.11485	1.400661	1.064038	0.343175	0.077278
9	1282.878	96.69746	1.639686	1.202561	0.387289	0.073009
10	1343.301	96.30916	1.868354	1.326677	0.426589	0.069221

Variance Decomposition of DPSRPLS:

Period	S.E.	DMUDHFIN	DPSRPLS	DIMMR	DCPI	IPI
1	0.685190	10.81400	89.18600	0.000000	0.000000	0.000000
2	0.896263	9.916107	88.89793	0.269521	0.173939	0.742499
3	1.016409	9.111467	89.04484	0.676265	0.449868	0.717565
4	1.095283	8.417675	88.84853	1.174731	0.812419	0.746640
5	1.149785	7.846835	88.51351	1.683768	1.211570	0.744319
6	1.189170	7.393868	88.08385	2.162030	1.618722	0.741525
7	1.218454	7.049254	87.62285	2.582122	2.010184	0.735594
8	1.240742	6.799910	87.16631	2.932952	2.371492	0.729333
9	1.258016	6.632211	86.73714	3.213229	2.694337	0.723087
10	1.271611	6.533013	86.34618	3.428124	2.975411	0.717277

Variance Decomposition of DIMMR:

Period	S.E.	DMUDHFIN	DPSRPLS	DIMMR	DCPI	IPI
1	0.592022	0.025399	1.624304	98.35030	0.000000	0.000000
2	0.804154	0.013868	2.394816	97.43584	0.035799	0.119676
3	0.946153	0.010204	3.138188	96.61775	0.106765	0.127097
4	1.049448	0.008360	3.857805	95.80030	0.189015	0.144516
5	1.127272	0.007561	4.531939	95.03236	0.273225	0.154911
6	1.186944	0.009580	5.153675	94.32011	0.352652	0.163979
7	1.233171	0.017369	5.719070	93.66828	0.424301	0.170979
8	1.269229	0.034223	6.227901	93.07443	0.486872	0.176573
9	1.297514	0.063305	6.681799	92.53372	0.540255	0.180925
10	1.319825	0.107321	7.083679	92.03976	0.584969	0.184268

Table : 6.178.
Variance Decomposition (VDC) for Model 3.10.

Var: UNTITLED Workfile: FINANCING OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DIMMR:

Period	S.E.	DMUDHFIN	DPSRPLS	DIMMR	DCPI	IPI
1	0.592022	0.025399	1.624304	98.35030	0.000000	0.000000
2	0.804154	0.013868	2.394816	97.43584	0.035799	0.119676
3	0.946153	0.010204	3.138188	96.61775	0.106765	0.127097
4	1.049448	0.008360	3.857805	95.80030	0.189015	0.144516
5	1.127272	0.007561	4.531939	95.03236	0.273225	0.154911
6	1.186944	0.009580	5.153675	94.32011	0.352652	0.163979
7	1.233171	0.017369	5.719070	93.66828	0.424301	0.170979
8	1.269229	0.034223	6.227901	93.07443	0.486872	0.176573
9	1.297514	0.063305	6.681799	92.53372	0.540255	0.180925
10	1.319825	0.107321	7.083679	92.03976	0.584969	0.184268

Variance Decomposition of DCPI:

Period	S.E.	DMUDHFIN	DPSRPLS	DIMMR	DCPI	IPI
1	5.741756	0.012461	0.114663	0.064826	99.80805	0.000000
2	7.488230	0.511373	0.393254	0.638474	98.40269	0.054206
3	8.595442	1.393136	1.310958	2.067555	95.13659	0.091762
4	9.422642	2.504698	2.622389	3.932470	90.80095	0.139494
5	10.09376	3.704706	4.099135	5.904767	86.10725	0.184138
6	10.66101	4.896102	5.578230	7.768586	81.53152	0.225558
7	11.14840	6.021685	6.960851	9.414066	77.34159	0.261807
8	11.56885	7.054566	8.198267	10.80280	73.65147	0.292892
9	11.93081	7.986714	9.274162	11.93855	70.48151	0.319061
10	12.24097	8.820580	10.19097	12.84574	67.80183	0.340873

Variance Decomposition of IPI:

Period	S.E.	DMUDHFIN	DPSRPLS	DIMMR	DCPI	IPI
1	3.044658	0.204945	0.079788	0.600365	0.291175	98.82373
2	3.206190	0.255166	0.201785	0.580912	0.344404	98.61773
3	3.221559	0.253332	0.215400	0.584639	0.341503	98.60513
4	3.224135	0.260658	0.244800	0.583718	0.350282	98.56054
5	3.224664	0.263659	0.262400	0.584155	0.354183	98.53560
6	3.225075	0.266704	0.277903	0.584178	0.358468	98.51275
7	3.225360	0.268853	0.289760	0.584299	0.361737	98.49535
8	3.225596	0.270581	0.299343	0.584378	0.364532	98.48116
9	3.225783	0.271910	0.306972	0.584461	0.366811	98.46985
10	3.225934	0.272951	0.313105	0.584538	0.368690	98.46072

Cholesky Ordering: DMUDHFIN DPSRPLS DIMMR DCPI IPI

Table : 6.179.
Variance Decomposition (VDC) for Model 3.11.

Var: IRF_MODEL311 Workfile: FINANCING OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of MUSYFIN:

Period	S.E.	MUSYFIN	DPSRPLS	DIMMR	DCPI	IPI
1	864.3597	100.0000	0.000000	0.000000	0.000000	0.000000
2	1231.574	99.67079	0.066127	0.193166	0.019543	0.050372
3	1522.934	99.10670	0.181659	0.589688	0.064829	0.057125
4	1777.406	98.36136	0.328604	1.113606	0.127383	0.069044
5	2009.972	97.51327	0.489716	1.716079	0.202847	0.078089
6	2227.981	96.61320	0.654745	2.358577	0.286846	0.086628
7	2435.642	95.69854	0.816576	3.014484	0.376241	0.094161
8	2635.565	94.79447	0.970922	3.665145	0.468542	0.100922
9	2829.489	93.91772	1.115299	4.298154	0.561898	0.106934
10	3018.629	93.07873	1.248500	4.905564	0.654921	0.112281

Variance Decomposition of DPSRPLS:

Period	S.E.	MUSYFIN	DPSRPLS	DIMMR	DCPI	IPI
1	0.678443	3.75E-05	99.99996	0.000000	0.000000	0.000000
2	0.873593	0.001317	98.76482	0.273369	0.188751	0.771740
3	0.977907	0.018238	98.02745	0.700369	0.503018	0.750923
4	1.042947	0.047049	97.00454	1.234955	0.928930	0.784527
5	1.086009	0.090494	95.92386	1.789486	1.410707	0.785458
6	1.116189	0.146711	94.83953	2.315259	1.912905	0.785592
7	1.138167	0.215078	93.81882	2.778952	2.404837	0.782316
8	1.154680	0.294411	92.89456	3.165983	2.866468	0.778574
9	1.167378	0.383798	92.08234	3.473659	3.285441	0.774763
10	1.177320	0.482400	91.38319	3.707253	3.655824	0.771338

Variance Decomposition of DIMMR:

Period	S.E.	MUSYFIN	DPSRPLS	DIMMR	DCPI	IPI
1	0.592249	0.228598	1.550855	98.22055	0.000000	0.000000
2	0.809964	0.213859	2.446114	97.14514	0.071031	0.123859
3	0.958747	0.214911	3.248053	96.19305	0.211544	0.132445
4	1.069008	0.219812	3.960384	95.28615	0.382851	0.150807
5	1.153431	0.228864	4.564282	94.47764	0.567709	0.161509
6	1.219057	0.241215	5.064469	93.77044	0.753340	0.170534
7	1.270461	0.256686	5.469862	93.16345	0.932726	0.177275
8	1.310881	0.275083	5.792790	92.64800	1.101616	0.182516
9	1.342729	0.296299	6.045915	92.21348	1.257798	0.186510
10	1.367850	0.320246	6.241303	91.84860	1.400296	0.189550

Table : 6.180.
Variance Decomposition (VDC) for Model 3.11

Var: IRF_MODEL311 Workfile: FINANCING OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DIMMR:

Period	S.E.	MUSYFIN	DPSRPLS	DIMMR	DCPI	IPI
1	0.592249	0.228598	1.550855	98.22055	0.000000	0.000000
2	0.809964	0.213859	2.446114	97.14514	0.071031	0.123859
3	0.958747	0.214911	3.248053	96.19305	0.211544	0.132445
4	1.069008	0.219812	3.960384	95.28615	0.382851	0.150807
5	1.153431	0.228864	4.564282	94.47764	0.567709	0.161509
6	1.219057	0.241215	5.064469	93.77044	0.753340	0.170534
7	1.270461	0.256686	5.469862	93.16345	0.932726	0.177275
8	1.310881	0.275083	5.792790	92.64800	1.101616	0.182516
9	1.342729	0.296299	6.045915	92.21348	1.257798	0.186510
10	1.367850	0.320246	6.241303	91.84860	1.400296	0.189550

Variance Decomposition of DCPI:

Period	S.E.	MUSYFIN	DPSRPLS	DIMMR	DCPI	IPI
1	5.800200	0.075344	0.059915	0.132016	99.73273	0.000000
2	7.636036	0.124090	0.844583	0.309496	98.67695	0.044884
3	8.820549	0.174675	2.641076	1.002804	96.10125	0.080193
4	9.701572	0.226557	4.969865	1.978755	92.70119	0.123634
5	10.40268	0.277325	7.458395	3.060399	89.03953	0.164354
6	10.97990	0.326219	9.871216	4.129092	85.47160	0.201870
7	11.46231	0.372959	12.08007	5.118360	82.19400	0.234612
8	11.86755	0.417691	14.03047	5.997185	79.29207	0.262578
9	12.20796	0.460706	15.71207	6.756763	76.78445	0.286009
10	12.49314	0.502344	17.13840	7.400656	74.65319	0.305409

Table : 6.181.
Variance Decomposition (VDC) for Model 3.12.

Var: UNTITLED   Workfile: FINANCING OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DMURAFIN:

Period	S.E.	DMURAFIN	DPSRMURA	DIMMR	DCPI	IPI
1	952.8143	100.0000	0.000000	0.000000	0.000000	0.000000
2	1378.511	98.09502	0.293547	1.583069	0.008854	0.019510
3	1732.971	94.93843	0.635488	4.362806	0.050568	0.012707
4	2056.951	91.18151	0.898959	7.785003	0.125483	0.009041
5	2364.954	87.21469	1.066287	11.48710	0.224738	0.007185
6	2663.812	83.24918	1.152469	15.25715	0.334684	0.006516
7	2957.076	79.40856	1.178773	18.96239	0.443597	0.006688
8	3246.664	75.76188	1.164101	22.52369	0.542970	0.007360
9	3533.577	72.34499	1.123108	25.89578	0.627781	0.008340
10	3818.283	69.17231	1.066438	29.05597	0.695798	0.009484

Variance Decomposition of DPSRMURA:

Period	S.E.	DMURAFIN	DPSRMURA	DIMMR	DCPI	IPI
1	0.587338	6.416287	93.58371	0.000000	0.000000	0.000000
2	0.716267	6.011363	91.33022	0.969787	1.603018	0.085615
3	0.785480	5.595633	87.70482	2.312867	4.310558	0.076126
4	0.832840	5.227012	83.79206	3.540752	7.367613	0.072559
5	0.868616	4.926658	80.26347	4.441534	10.30030	0.068044
6	0.896734	4.690684	77.31053	5.013583	12.92043	0.064771
7	0.919144	4.508244	74.92627	5.323485	15.17975	0.062252
8	0.937119	4.367813	73.02711	5.450595	17.09407	0.060412
9	0.951598	4.259632	71.51793	5.462882	18.70048	0.059075
10	0.963310	4.176018	70.31356	5.412013	20.04028	0.058131

Variance Decomposition of DIMMR:

Period	S.E.	DMURAFIN	DPSRMURA	DIMMR	DCPI	IPI
1	0.593771	0.348368	0.130162	99.52147	0.000000	0.000000
2	0.793263	0.279017	0.137887	99.49049	0.000394	0.092210
3	0.924645	0.234605	0.331803	99.34480	0.003760	0.085027
4	1.020528	0.206055	0.594510	99.09157	0.022031	0.085833
5	1.094117	0.186997	0.871800	98.79310	0.064623	0.083476
6	1.152149	0.174016	1.139652	98.46970	0.134997	0.081633
7	1.198704	0.165100	1.388454	98.13373	0.232951	0.079766
8	1.236467	0.159050	1.615136	97.79226	0.355444	0.078105
9	1.267331	0.155113	1.819519	97.45069	0.498065	0.076609
10	1.292689	0.152797	2.002620	97.11348	0.655817	0.075282

Table : 6.182.
Variance Decomposition (VDC) for Model 3.12.

Var: UNTITLED Workfile: FINANCING OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DIMMR:

Period	S.E.	DMURAFIN	DPSRMURA	DIMMR	DCPI	IPI
1	0.593771	0.348368	0.130162	99.52147	0.000000	0.000000
2	0.793263	0.279017	0.137887	99.49049	0.000394	0.092210
3	0.924645	0.234605	0.331803	99.34480	0.003760	0.085027
4	1.020528	0.206055	0.594510	99.09157	0.022031	0.085833
5	1.094117	0.186997	0.871800	98.79310	0.064623	0.083476
6	1.152149	0.174016	1.139652	98.46970	0.134997	0.081633
7	1.198704	0.165100	1.388454	98.13373	0.232951	0.079766
8	1.236467	0.159050	1.615136	97.79226	0.355444	0.078105
9	1.267331	0.155113	1.819519	97.45069	0.498065	0.076609
10	1.292689	0.152797	2.002620	97.11348	0.655817	0.075282

Variance Decomposition of DCPI:

Period	S.E.	DMURAFIN	DPSRMURA	DIMMR	DCPI	IPI
1	5.916996	0.709028	0.799256	0.005639	98.48608	0.000000
2	7.831318	0.565028	1.832801	0.525419	97.06413	0.012622
3	9.065612	0.477642	2.727793	1.521227	95.25438	0.018959
4	9.958241	0.422837	3.394448	2.755375	93.40121	0.026131
5	10.63789	0.387819	3.847021	4.093836	91.63933	0.031996
6	11.17027	0.365515	4.130211	5.456318	90.01088	0.037074
7	11.59453	0.351923	4.290050	6.795184	88.52153	0.041310
8	11.93649	0.344653	4.364759	8.080645	87.16509	0.044856
9	12.21424	0.342194	4.383379	9.293833	85.93279	0.047808
10	12.44105	0.343528	4.366966	10.42283	84.81641	0.050262

Variance Decomposition of IPI:

Period	S.E.	DMURAFIN	DPSRMURA	DIMMR	DCPI	IPI
1	3.061126	0.042171	0.129248	0.606701	0.129776	99.09210
2	3.220849	0.039088	0.134373	0.676741	0.289789	98.86001
3	3.237221	0.040812	0.139967	0.675643	0.293639	98.84994
4	3.239214	0.041139	0.140979	0.675217	0.311522	98.83114
5	3.239525	0.041375	0.141176	0.676400	0.318187	98.82286
6	3.239654	0.041468	0.141172	0.677358	0.323709	98.81629
7	3.239739	0.041527	0.141171	0.678950	0.327175	98.81118
8	3.239808	0.041565	0.141189	0.680572	0.329702	98.80697
9	3.239866	0.041595	0.141212	0.682240	0.331488	98.80346
10	3.239914	0.041622	0.141231	0.683825	0.332783	98.80054

Cholesky Ordering: DMURAFIN DPSRMURA DIMMR DCPI IPI

Table : 6.183.
Variance Decomposition (VDC) for Model 3.13.

Var: UNTITLED Workfile: FINANCING OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of PLSFIN:

Period	S.E.	PLSFIN	DPSRPLS	DIMMR	DCPI	IPI
1	806.0308	100.0000	0.000000	0.000000	0.000000	0.000000
2	1150.329	99.55380	0.203030	0.218620	0.021601	0.002951
3	1424.580	98.72021	0.578507	0.630929	0.062033	0.008318
4	1665.251	97.66955	1.047126	1.155173	0.113119	0.015036
5	1885.899	96.51723	1.556092	1.734991	0.169344	0.022341
6	2093.105	95.33835	2.071785	2.332983	0.227122	0.029761
7	2290.548	94.17975	2.573786	2.925258	0.284210	0.037001
8	2480.496	93.06911	3.050481	3.497239	0.339276	0.043893
9	2664.449	92.02149	3.495969	4.040611	0.391584	0.050350
10	2843.462	91.04375	3.907957	4.551181	0.440781	0.056335

Variance Decomposition of DPSRPLS:

Period	S.E.	PLSFIN	DPSRPLS	DIMMR	DCPI	IPI
1	0.680981	0.001377	99.99862	0.000000	0.000000	0.000000
2	0.880851	0.001506	98.80592	0.253921	0.176817	0.761837
3	0.989582	0.004404	98.13297	0.655578	0.467759	0.739293
4	1.058300	0.010377	97.19670	1.160218	0.861657	0.771048
5	1.104261	0.022089	96.21164	1.687994	1.307472	0.770809
6	1.136662	0.038987	95.22368	2.193714	1.773619	0.770002
7	1.160313	0.061531	94.29406	2.646030	2.232394	0.765985
8	1.178075	0.089588	93.45289	3.030330	2.665576	0.761617
9	1.191696	0.123107	92.71515	3.342803	3.061679	0.757260
10	1.202313	0.161931	92.08276	3.587027	3.414940	0.753343

Variance Decomposition of DIMMR:

Period	S.E.	PLSFIN	DPSRPLS	DIMMR	DCPI	IPI
1	0.592276	0.867799	1.488134	97.64407	0.000000	0.000000
2	0.809130	0.818863	2.343411	96.65034	0.065138	0.122250
3	0.956878	0.813607	3.118877	95.74268	0.194280	0.130559
4	1.066081	0.814438	3.818552	94.86741	0.350977	0.148623
5	1.149497	0.822688	4.422118	94.07691	0.519086	0.159198
6	1.214196	0.835796	4.931749	93.37768	0.686598	0.168174
7	1.264761	0.853069	5.353765	92.77124	0.847000	0.174927
8	1.304427	0.873734	5.698177	92.25144	0.996437	0.180213
9	1.335596	0.897258	5.975724	91.80973	1.133014	0.184271
10	1.360107	0.923188	6.196958	91.43645	1.256024	0.187381

Table : 6.184.
Variance Decomposition (VDC) for Model 3.13.

Var: UNTITLED Workfile: FINANCING OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DIMMR:

Period	S.E.	PLSFIN	DPSRPLS	DIMMR	DCPI	IPI
1	0.592276	0.867799	1.488134	97.64407	0.000000	0.000000
2	0.809130	0.818863	2.343411	96.65034	0.065138	0.122250
3	0.956878	0.813607	3.118877	95.74268	0.194280	0.130559
4	1.066081	0.814438	3.818552	94.86741	0.350977	0.148623
5	1.149497	0.822688	4.422118	94.07691	0.519086	0.159198
6	1.214196	0.835796	4.931749	93.37768	0.686598	0.168174
7	1.264761	0.853069	5.353765	92.77124	0.847000	0.174927
8	1.304427	0.873734	5.698177	92.25144	0.996437	0.180213
9	1.335596	0.897258	5.975724	91.80973	1.133014	0.184271
10	1.360107	0.923188	6.196958	91.43645	1.256024	0.187381

Variance Decomposition of DCPI:

Period	S.E.	PLSFIN	DPSRPLS	DIMMR	DCPI	IPI
1	5.788326	0.026574	0.070086	0.118635	99.78471	0.000000
2	7.602268	0.040029	0.795160	0.358058	98.76161	0.045145
3	8.764155	0.051944	2.524044	1.177656	96.16501	0.081349
4	9.625065	0.064557	4.801797	2.320619	92.68674	0.126290
5	10.30972	0.077334	7.261234	3.586274	88.90632	0.168834
6	10.87413	0.090391	9.662914	4.837793	85.20059	0.208311
7	11.34685	0.103735	11.87227	5.997392	81.78363	0.242980
8	11.74485	0.117452	13.82931	7.028441	78.75204	0.272752
9	12.07979	0.131621	15.51985	7.920404	76.13030	0.297824
10	12.36072	0.146320	16.95507	8.677391	73.90253	0.318687

Variance Decomposition of IPI:

Period	S.E.	PLSFIN	DPSRPLS	DIMMR	DCPI	IPI
1	3.044198	1.209090	0.160584	0.473764	0.284649	97.87191
2	3.206067	1.211794	0.348768	0.453789	0.332122	97.65353
3	3.221401	1.210700	0.363499	0.457295	0.329293	97.63921
4	3.223999	1.210472	0.401502	0.456559	0.337785	97.59368
5	3.224524	1.210115	0.421983	0.456896	0.341780	97.56923
6	3.224923	1.209883	0.439637	0.456893	0.346273	97.54731
7	3.225191	1.209689	0.452472	0.456946	0.349818	97.53108
8	3.225410	1.209538	0.462524	0.456967	0.352916	97.51805
9	3.225580	1.209417	0.470272	0.456993	0.355496	97.50782
10	3.225717	1.209320	0.476345	0.457017	0.357657	97.49966

Cholesky Ordering: PLSFIN DPSRPLS DIMMR DCPI IPI

Table : 6.185.
Variance Decomposition (VDC) for Model 3.14.

Var: IRF_FINTOT Workfile: FINANCING OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DIBFINTOT:

Period	S.E.	DIBFINTOT	DIBDEPTOT	DPSRFIN	DIMMR	DCPI	IPI
1	2798.908	100.0000	0.000000	0.000000	0.000000	0.000000	0.000000
2	3857.628	98.44163	0.188115	0.139522	0.635344	0.103714	0.491678
3	4598.940	96.46827	0.565734	0.469278	1.762813	0.274506	0.459401
4	5209.602	93.67792	1.085549	0.931127	3.325605	0.516940	0.462855
5	5745.737	90.41617	1.696485	1.486517	5.152572	0.804547	0.443709
6	6238.847	86.88019	2.355701	2.092759	7.126187	1.121476	0.423687
7	6704.221	83.25464	3.029731	2.717883	9.144295	1.451899	0.401552
8	7150.684	79.66913	3.694496	3.337418	11.13494	1.784319	0.379692
9	7583.101	76.21265	4.334107	3.934957	13.04934	2.110305	0.358648
10	8004.298	72.93937	4.939040	4.500259	14.85812	2.424312	0.338899

Variance Decomposition of DIBDEPTOT:

Period	S.E.	DIBFINTOT	DIBDEPTOT	DPSRFIN	DIMMR	DCPI	IPI
1	1948.273	0.420769	99.57923	0.000000	0.000000	0.000000	0.000000
2	2625.593	2.201532	94.50448	0.492058	1.628380	0.606177	0.567376
3	3165.708	6.245425	85.82578	1.440729	4.396366	1.555829	0.535868
4	3684.953	10.97552	75.74587	2.512347	7.649588	2.586788	0.529884
5	4201.377	15.28127	66.36219	3.533128	10.82140	3.510470	0.491536
6	4717.099	18.81580	58.33161	4.427342	13.69486	4.277155	0.453241
7	5228.314	21.56144	51.73116	5.187079	16.21318	4.891127	0.416017
8	5731.781	23.63501	46.38024	5.826832	18.39768	5.377393	0.382851
9	6225.204	25.17517	42.04919	6.367271	20.29192	5.762658	0.353787
10	6707.360	26.30600	38.52663	6.827508	21.94139	6.069875	0.328595

Variance Decomposition of DPSRFIN:

Period	S.E.	DIBFINTOT	DIBDEPTOT	DPSRFIN	DIMMR	DCPI	IPI
1	0.428155	0.002722	4.753770	95.24351	0.000000	0.000000	0.000000
2	0.556851	0.002325	4.853591	94.18620	0.190255	0.334577	0.433051
3	0.631114	0.032080	4.919468	93.34360	0.410440	0.881611	0.412798
4	0.680224	0.090684	4.918631	92.36043	0.637208	1.568658	0.424386
5	0.714732	0.187841	4.881872	91.39293	0.820886	2.297486	0.418985
6	0.740129	0.317241	4.825032	90.47887	0.951933	3.012632	0.414290
7	0.759418	0.472841	4.760834	89.65084	1.030997	3.675851	0.408639
8	0.774436	0.645680	4.696800	88.91877	1.067803	4.267517	0.403434
9	0.786360	0.827420	4.637210	88.28235	1.074683	4.779632	0.398707
10	0.795981	1.010662	4.584057	87.73452	1.063934	5.212257	0.394564

Table : 6.186.
Variance Decomposition (VDC) for Model 3.14.

Var: IRF_FINTOT Workfile: FINANCING OF ISLAMIC BANKS::Profitability\

View | Proc | Object | Print | Name | Freeze | Estimate | Stats | Impulse | Resids

Variance Decomposition

Variance Decomposition of DIMMR:

Period	S.E.	DIBFINTOT	DIBDEPTOT	DPSRFIN	DIMMR	DCPI	IPI
1	0.593743	4.702463	1.795076	0.335405	93.16706	0.000000	0.000000
2	0.808068	4.826933	1.880461	0.842069	92.24968	0.091469	0.109384
3	0.952692	4.855806	1.981639	1.379037	91.40878	0.259159	0.115578
4	1.058544	4.909386	2.088876	1.901754	90.52091	0.448578	0.130494
5	1.138676	4.967011	2.198176	2.379284	89.67832	0.638387	0.138824
6	1.200293	5.026523	2.305847	2.801465	88.90487	0.815463	0.145831
7	1.248059	5.082112	2.409331	3.166180	88.21673	0.974686	0.150958
8	1.285241	5.130817	2.506802	3.476376	87.61674	1.114406	0.154865
9	1.314246	5.170800	2.597118	3.737167	87.10206	1.235099	0.157752
10	1.336898	5.201457	2.679675	3.954544	86.66623	1.338232	0.159857

Variance Decomposition of DCPI:

Period	S.E.	DIBFINTOT	DIBDEPTOT	DPSRFIN	DIMMR	DCPI	IPI
1	5.805536	1.255001	0.062720	0.281825	0.026820	98.37363	0.000000
2	7.600281	1.835562	0.036616	1.786970	0.599569	95.71224	0.029047
3	8.749159	2.291919	0.033693	3.918368	1.858835	91.84546	0.051729
4	9.600246	2.578163	0.035640	6.300558	3.444815	87.56039	0.080431
5	10.27606	2.721135	0.036069	8.670085	5.107702	83.35689	0.108115
6	10.83158	2.759504	0.034389	10.87713	6.692703	79.50175	0.134523
7	11.29566	2.731451	0.031876	12.85203	8.122194	76.10395	0.158491
8	11.68596	2.666691	0.029869	14.57505	9.366722	73.18181	0.179864
9	12.01479	2.586019	0.029176	16.05373	10.42489	70.70756	0.198626
10	12.29162	2.502713	0.030046	17.30881	11.30962	68.63386	0.214955

Variance Decomposition of IPI:

Period	S.E.	DIBFINTOT	DIBDEPTOT	DPSRFIN	DIMMR	DCPI	IPI
1	3.051971	1.408949	0.206368	0.150140	1.068757	0.212731	96.95305
2	3.220843	1.879444	0.215714	0.152894	1.160828	0.377614	96.21350
3	3.236644	1.863206	0.243816	0.151419	1.153633	0.381846	96.20608
4	3.239675	1.898310	0.256314	0.155344	1.155710	0.404643	96.12968
5	3.240273	1.904945	0.264248	0.158405	1.155287	0.414103	96.10301
6	3.240662	1.910434	0.268491	0.162439	1.155016	0.422046	96.08157
7	3.240890	1.912486	0.270963	0.166318	1.154968	0.427193	96.06807
8	3.241062	1.913506	0.272381	0.170097	1.155049	0.430996	96.05797
9	3.241192	1.913893	0.273221	0.173566	1.155286	0.433750	96.05028
10	3.241296	1.914018	0.273725	0.176693	1.155609	0.435815	96.04414

Cholesky Ordering: DIBFINTOT DIBDEPTOT DPSRFIN DIMMR DCPI IPI

Figure : 6.1.
Impulse Response Function (IRF) for Model 3.2

Figure : 6.2.
Impulse Response Function (IRF) for Model 3.2

Figure : 6.3.
Impulse Response Function (IRF) for Model 3.3

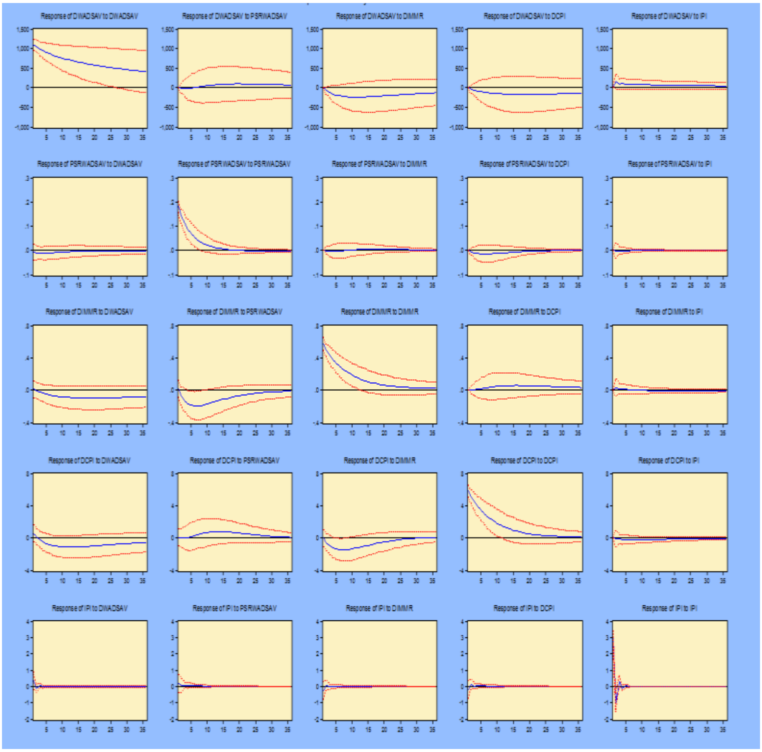


Figure : 6.4.
Impulse Response Function (IRF) for Model 3.4

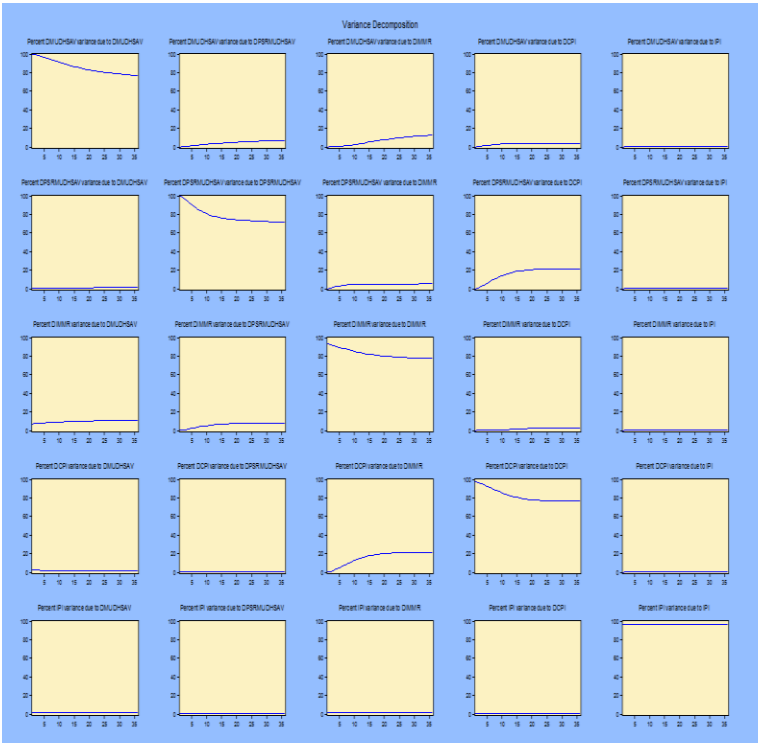


Figure : 6.5.
Impulse Response Function (IRF) for Model 3.5

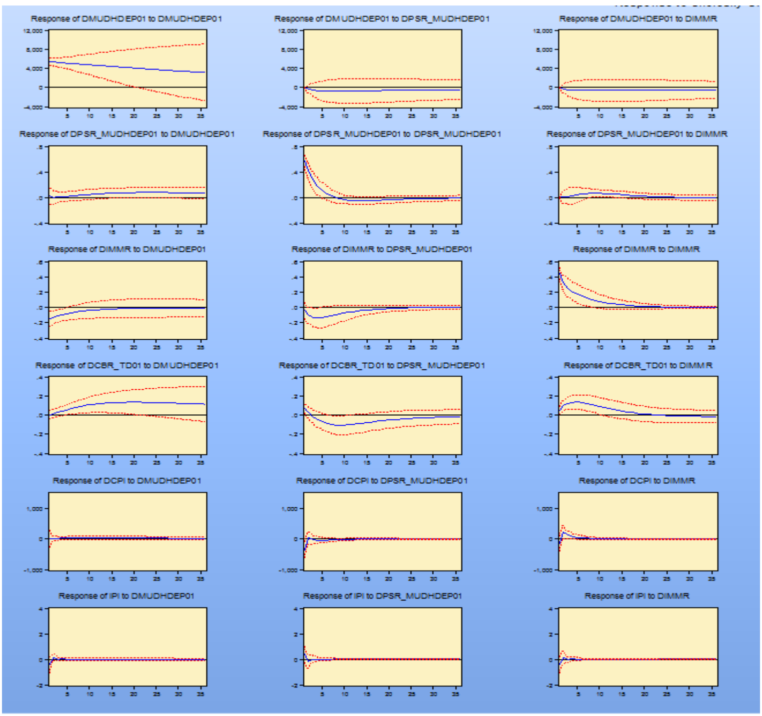


Figure : 6.6.
Impulse Response Function (IRF) for Model 3.5

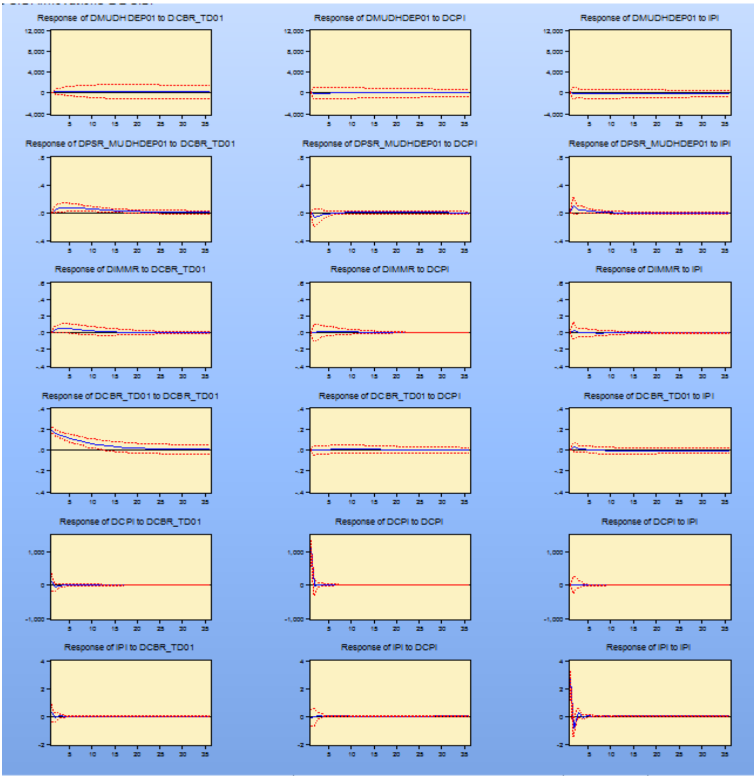


Figure : 6.7.
Impulse Response Function (IRF) for Model 3.6

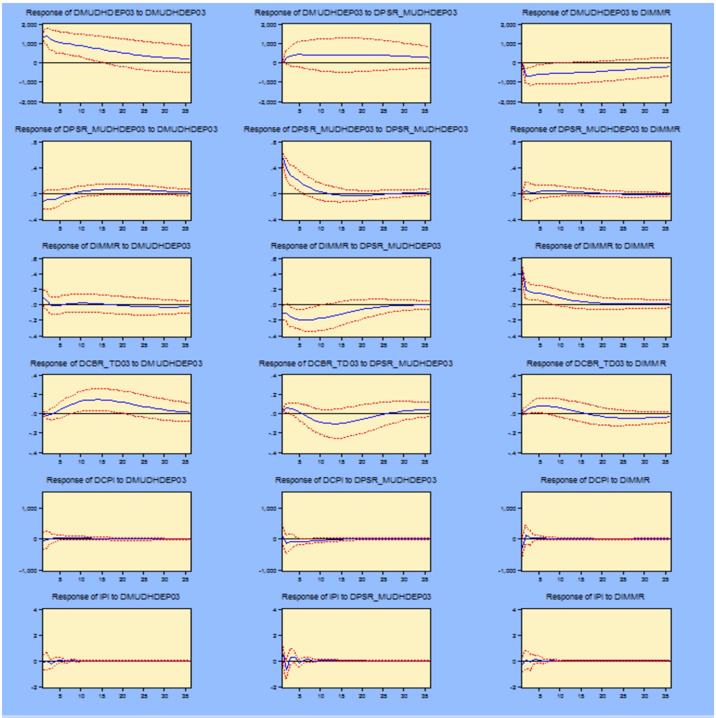


Figure : 6.8.
Impulse Response Function (IRF) for Model 3.6

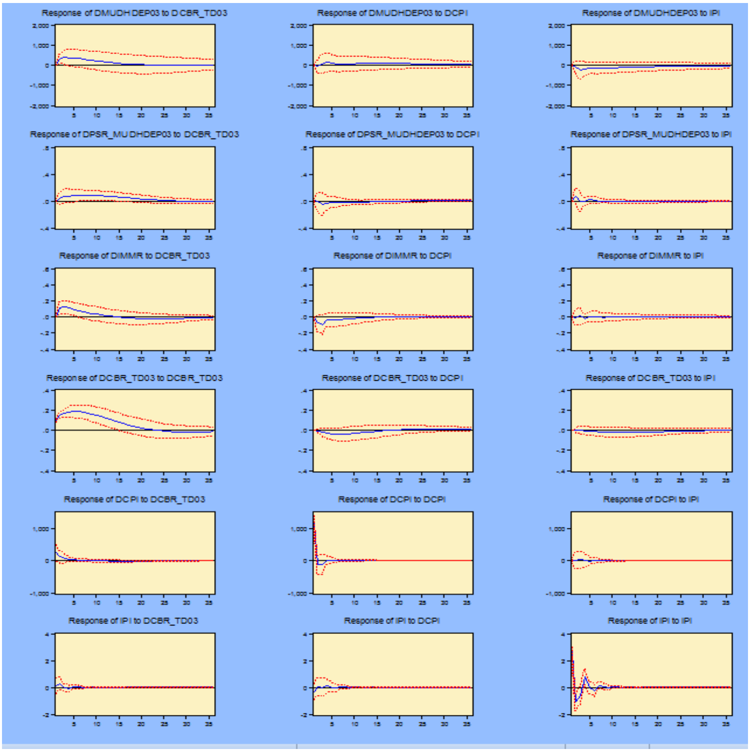


Figure : 6.9.
Impulse Response Function (IRF) for Model 3.7.

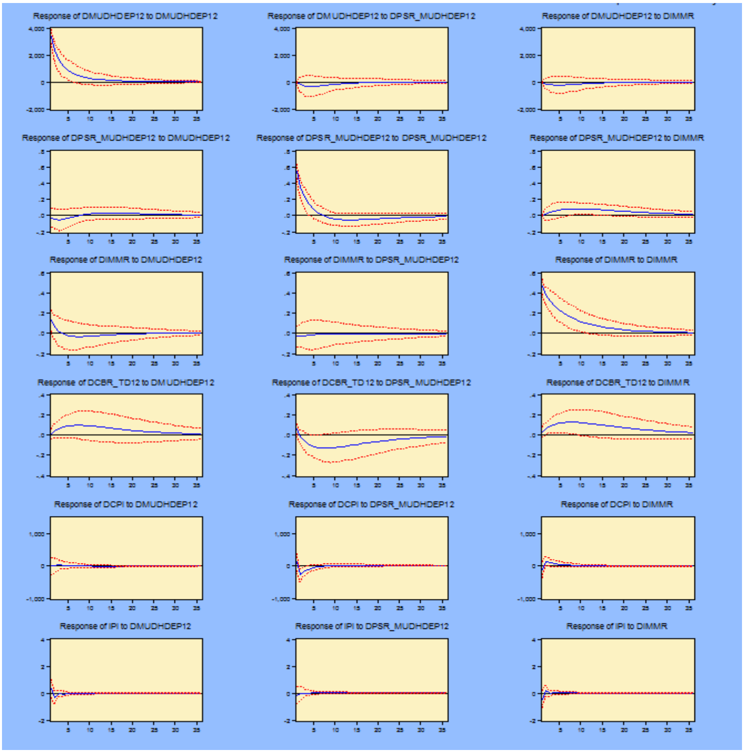


Figure : 6.10.
Impulse Response Function (IRF) for Model 3.7.

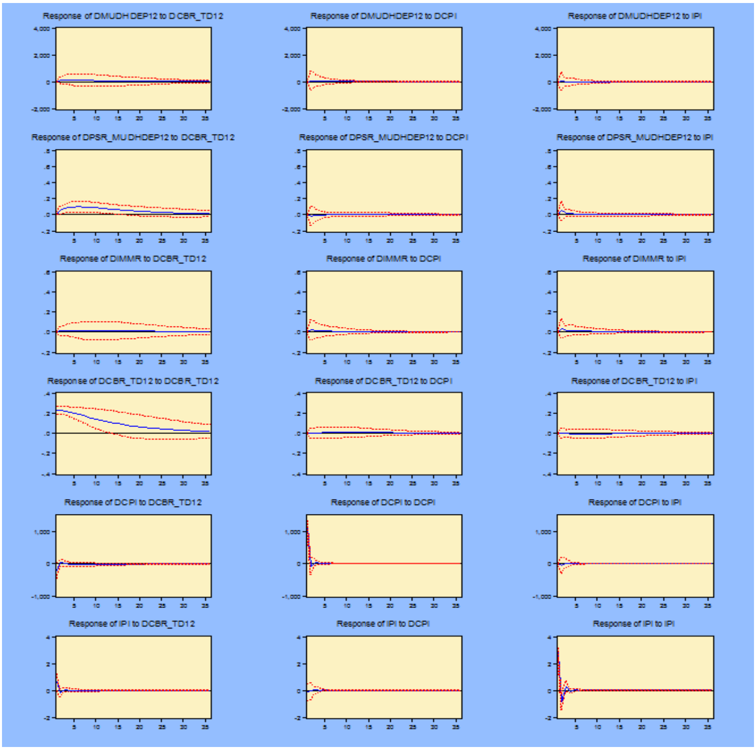


Figure : 6.11.
Impulse Response Function (IRF) for Model 3.8.

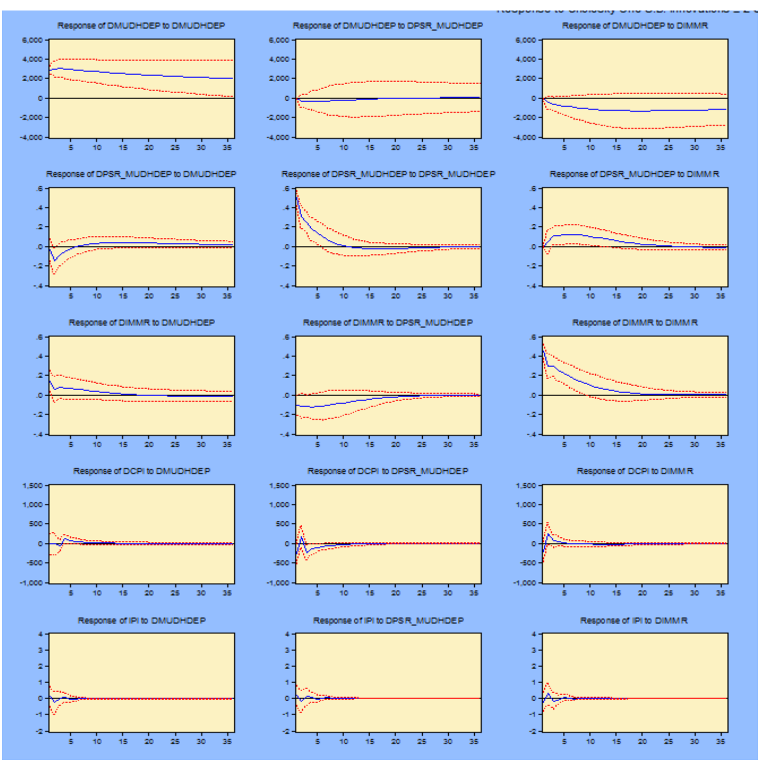


Figure : 6.12.
Impulse Response Function (IRF) for Model 3.8.

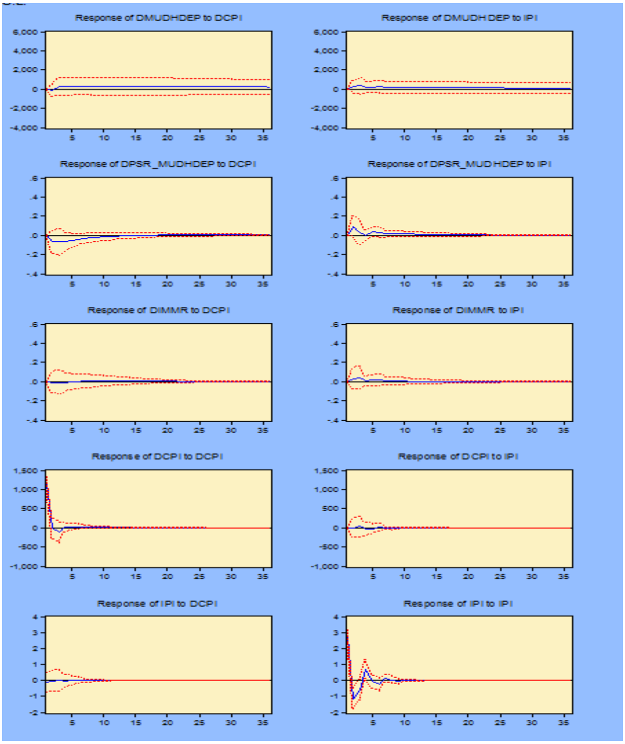


Figure : 6.13.
Impulse Response Function (IRF) for Model 3.9.

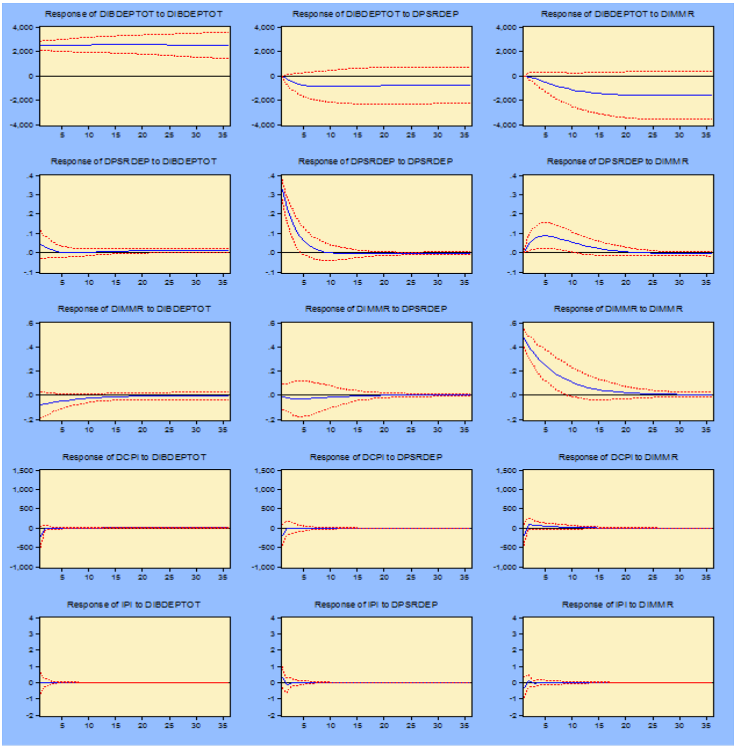


Figure : 6.14.
Impulse Response Function (IRF) for Model 3.9.

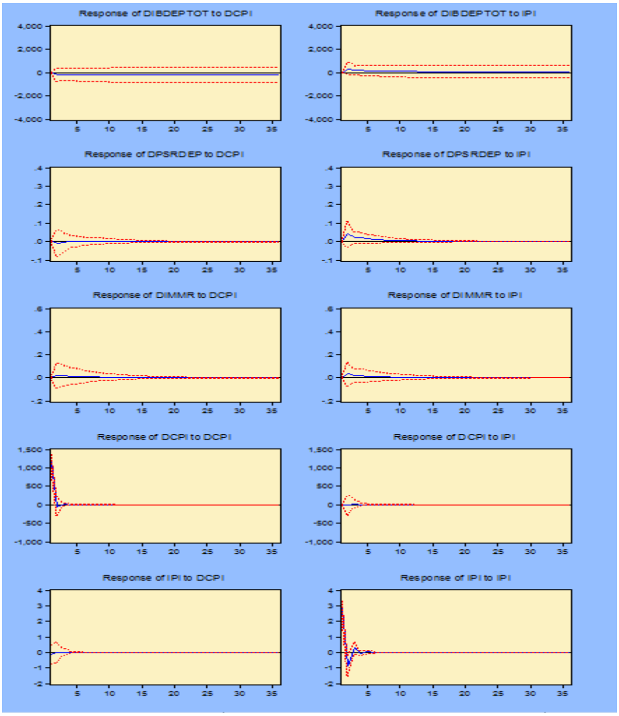


Figure : 6.15.
Impulse Response Function (IRF) for Model 3.10.

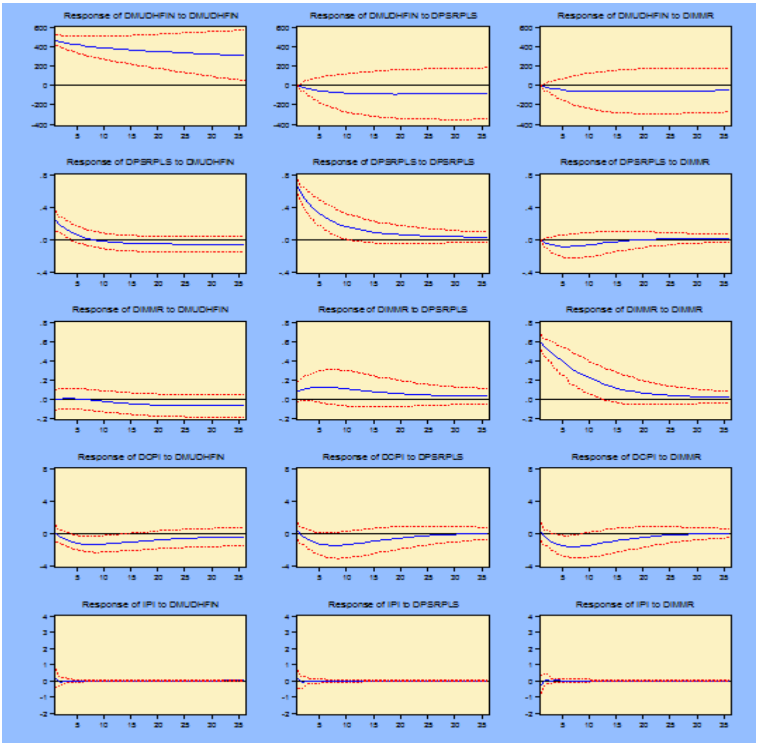


Figure : 6.16.
Impulse Response Function (IRF) for Model 3.10.

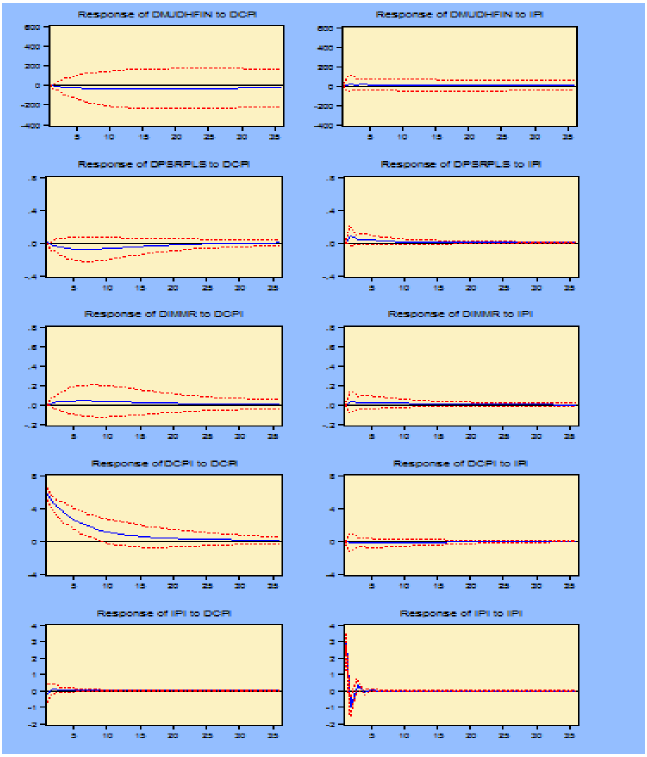


Figure : 6.17.
Impulse Response Function (IRF) for Model 3.11.

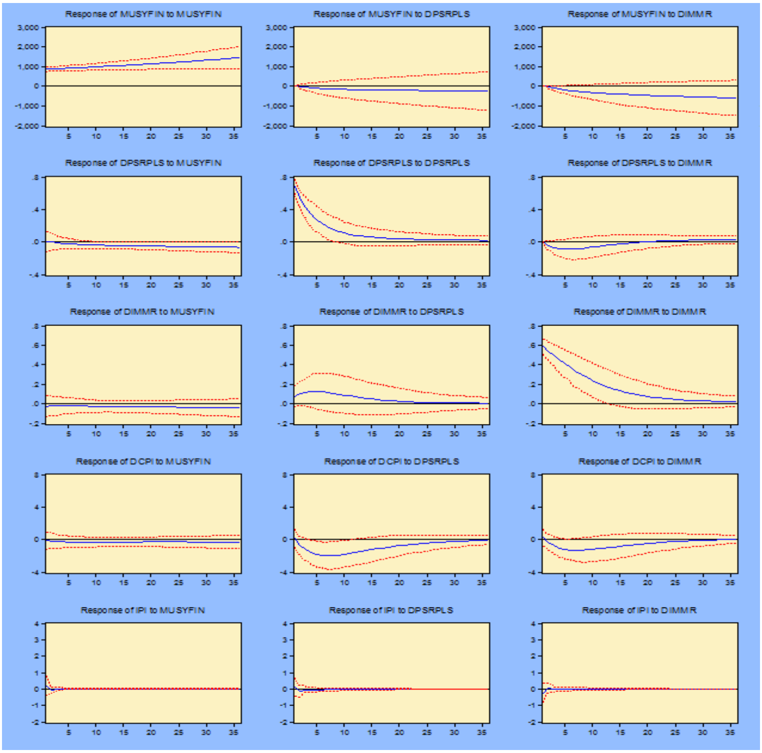


Figure : 6.18.
Impulse Response Function (IRF) for Model 3.11.

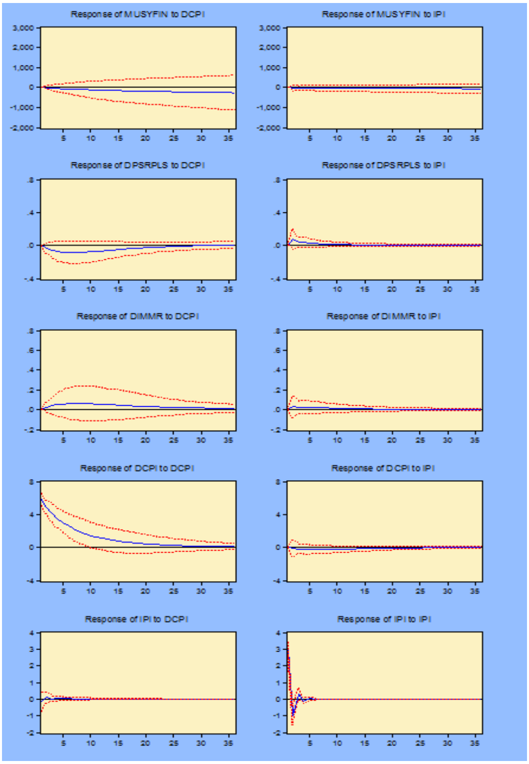


Figure : 6.19.
Impulse Response Function (IRF) for Model 3.12.

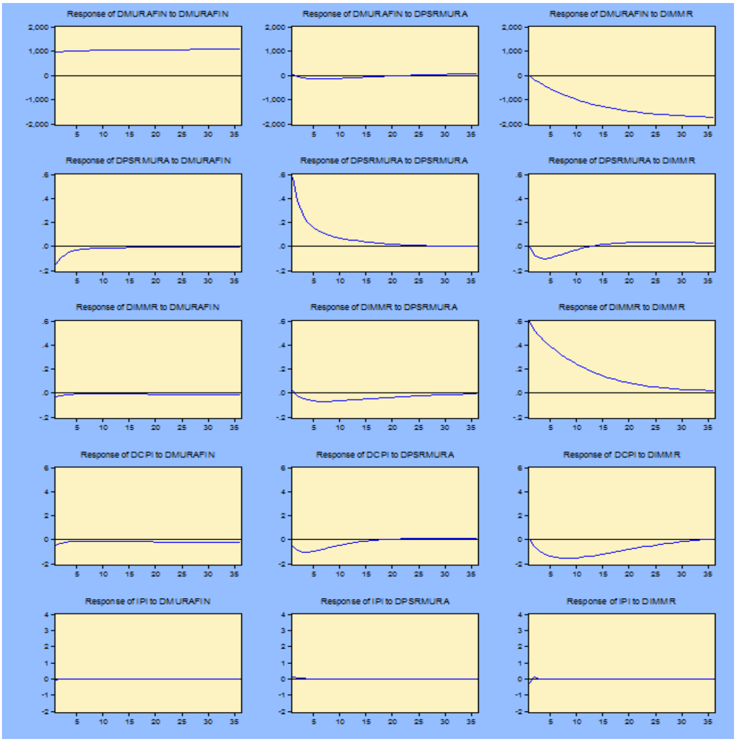


Figure : 6.20.
Impulse Response Function (IRF) for Model 3.12.

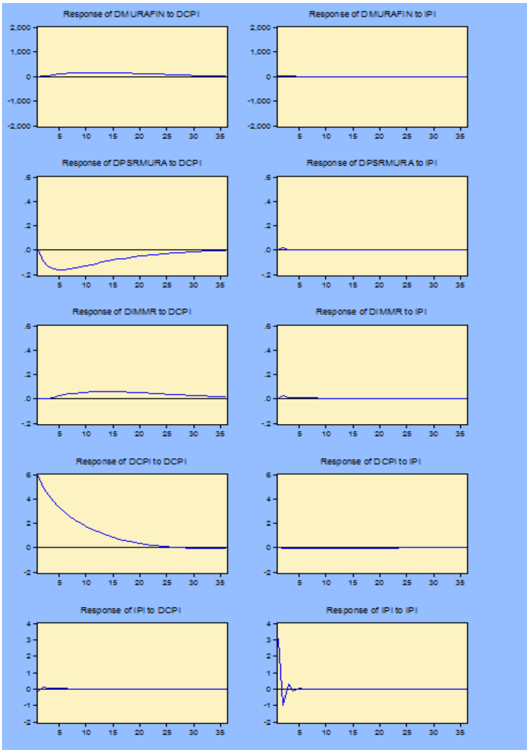


Figure : 6.21.
Impulse Response Function (IRF) for Model 3.13.

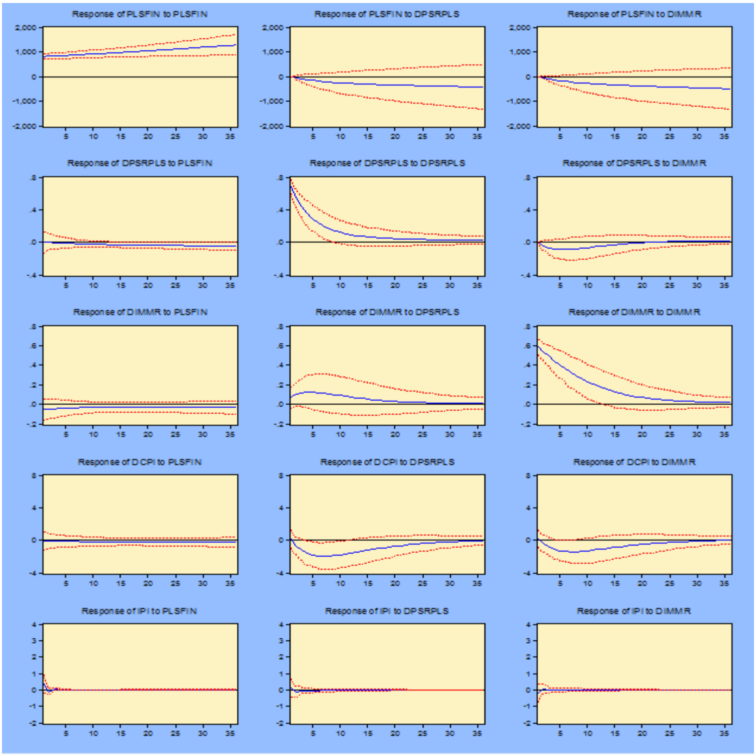


Figure : 6.22.
Impulse Response Function (IRF) for Model 3.13.

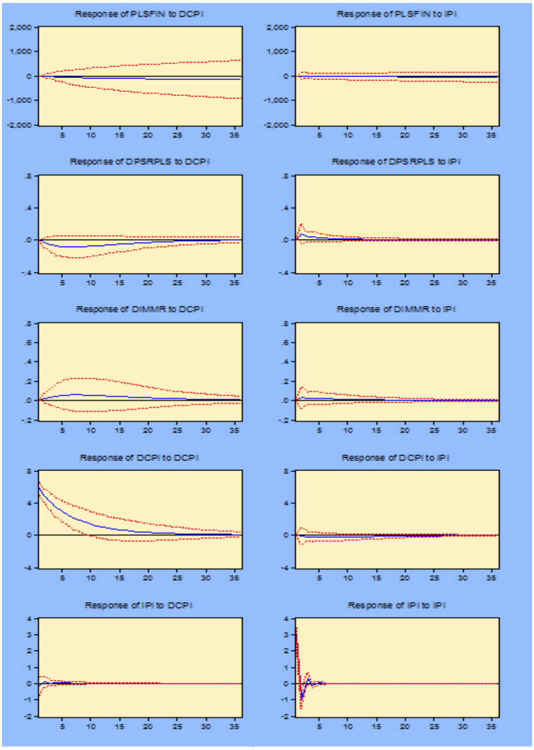


Figure : 6.23.
Impulse Response Function (IRF) for Model 3.14.

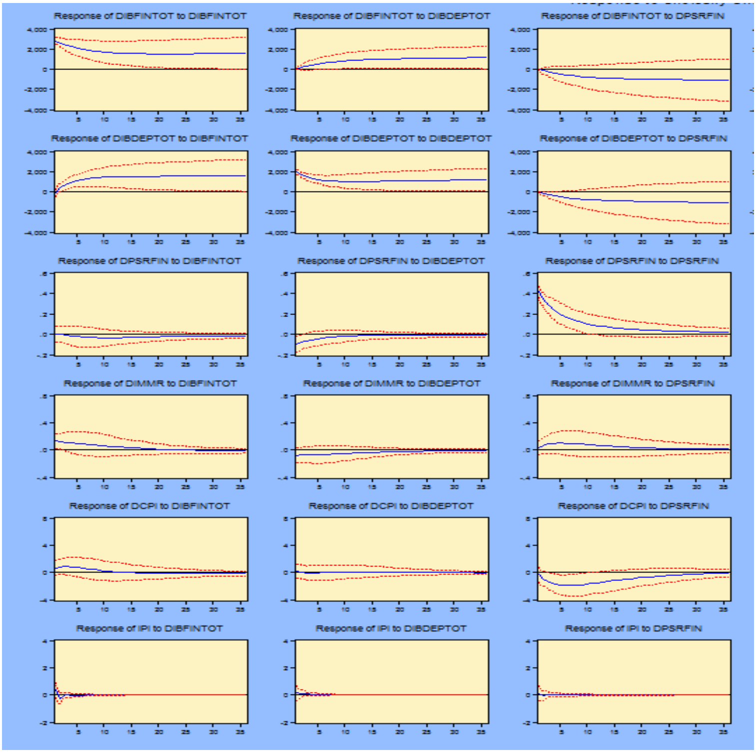
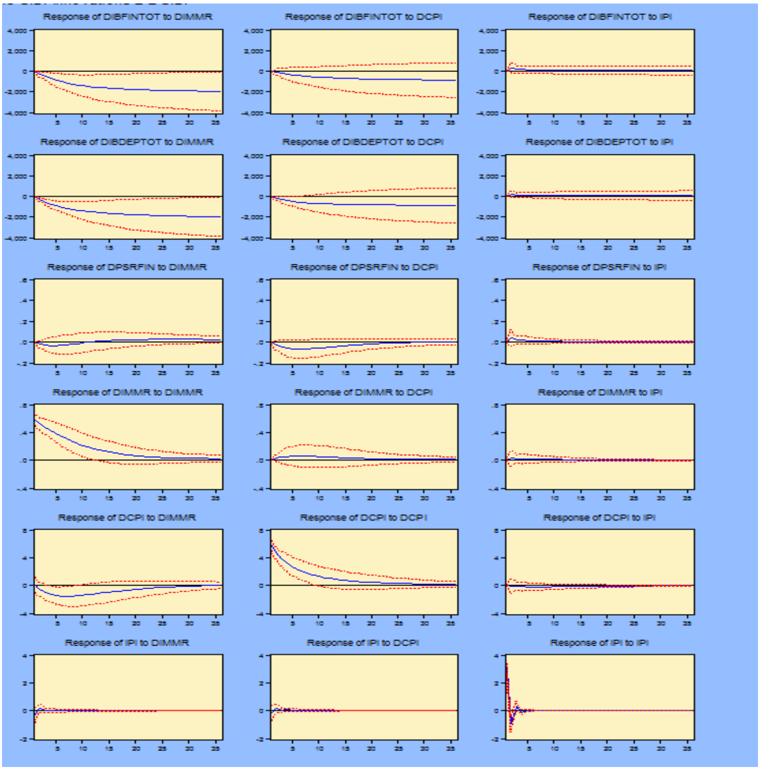
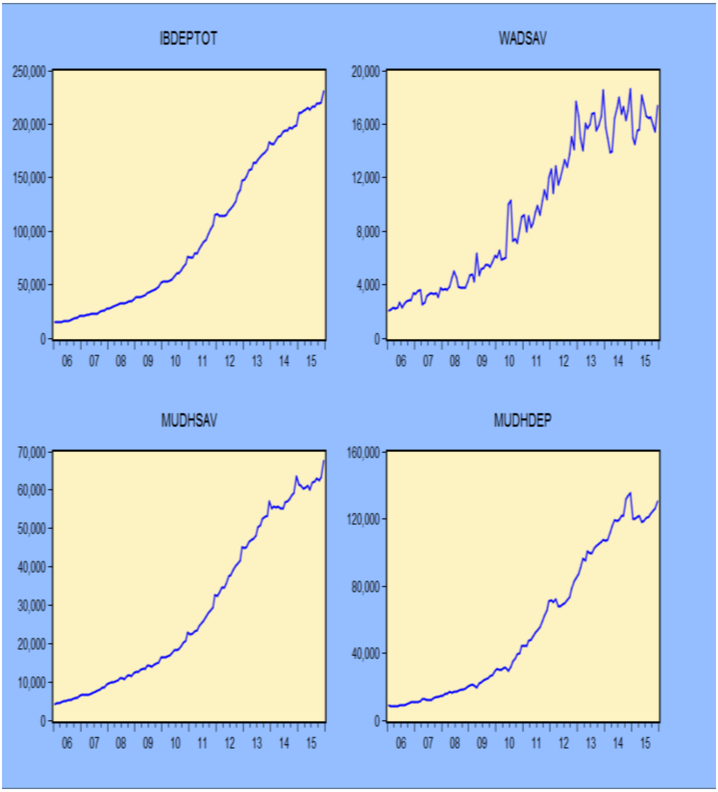


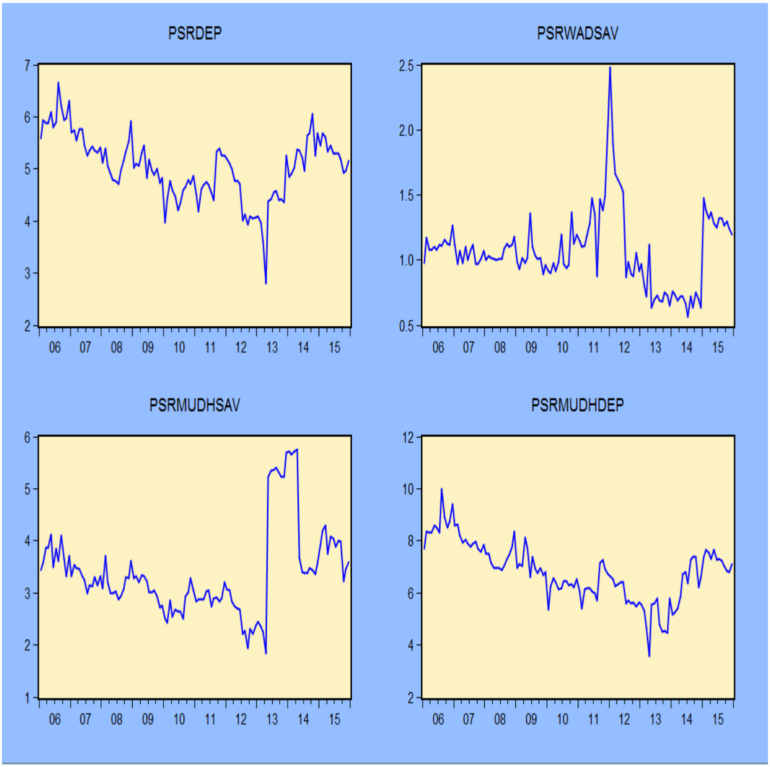
Figure : 6.24.
Impulse Response Function (IRF) for Model 3.14.



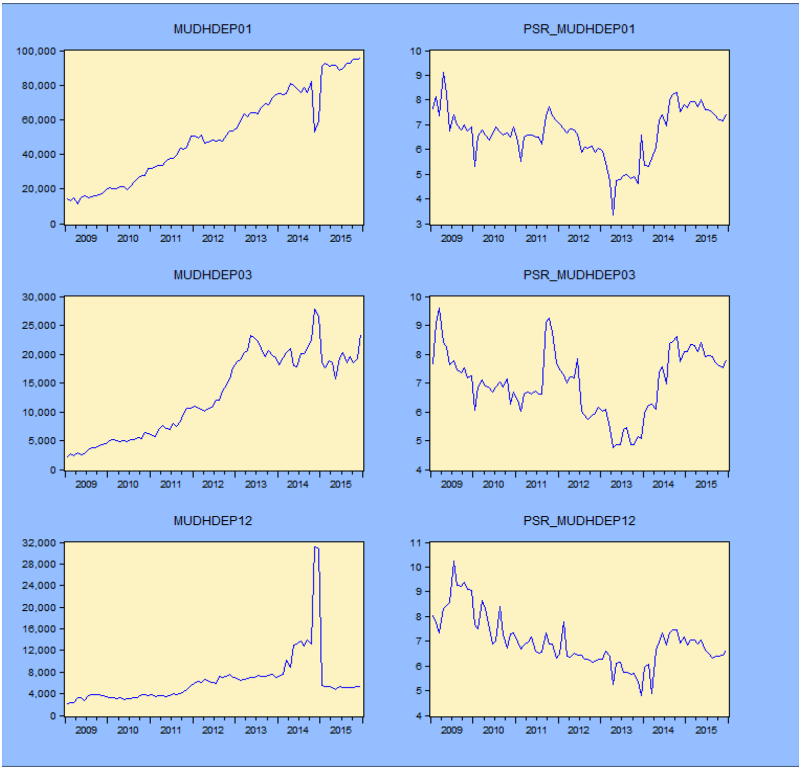
Graph : 6.1
Deposits of Islamic Banks



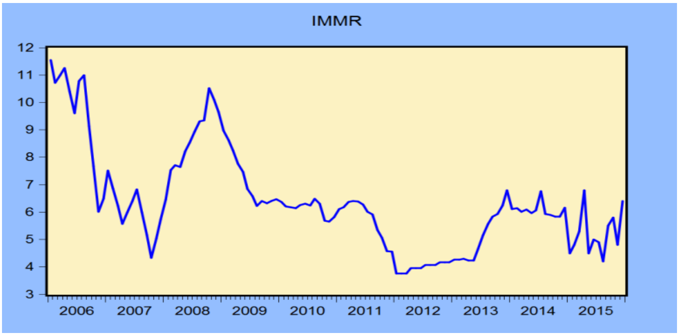
Graph : 6.2
PSRs of Deposits in Islamic Banks



Graph : 6.3
Mudharabah Deposits and the PSRs

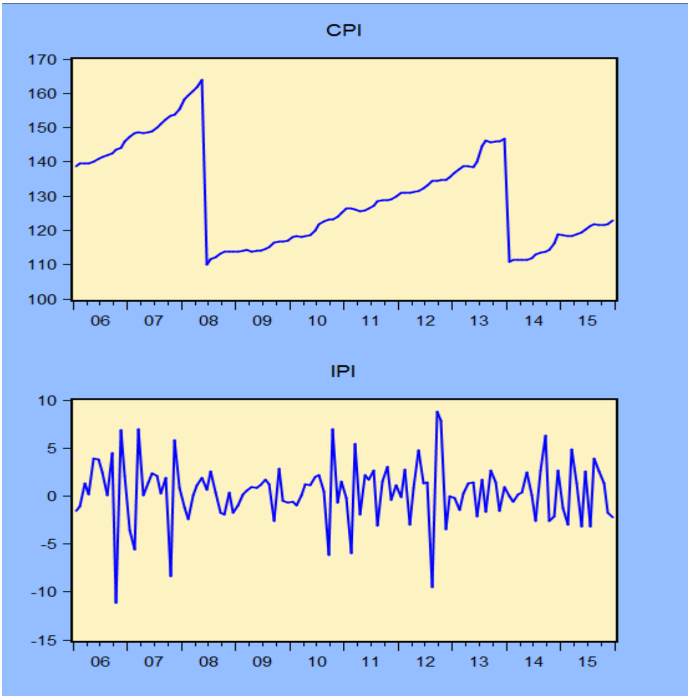


Graph : 6.4
Interbank Money Market Rate (IMMR)

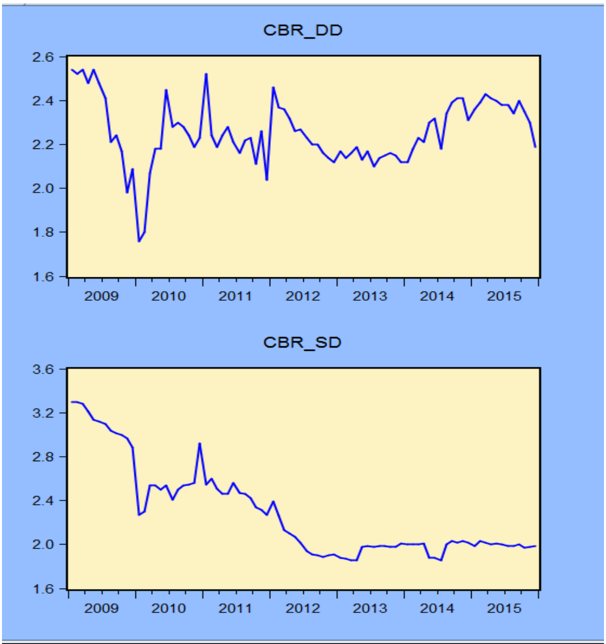


Graph : 6.5
Financings of Islamic Banks

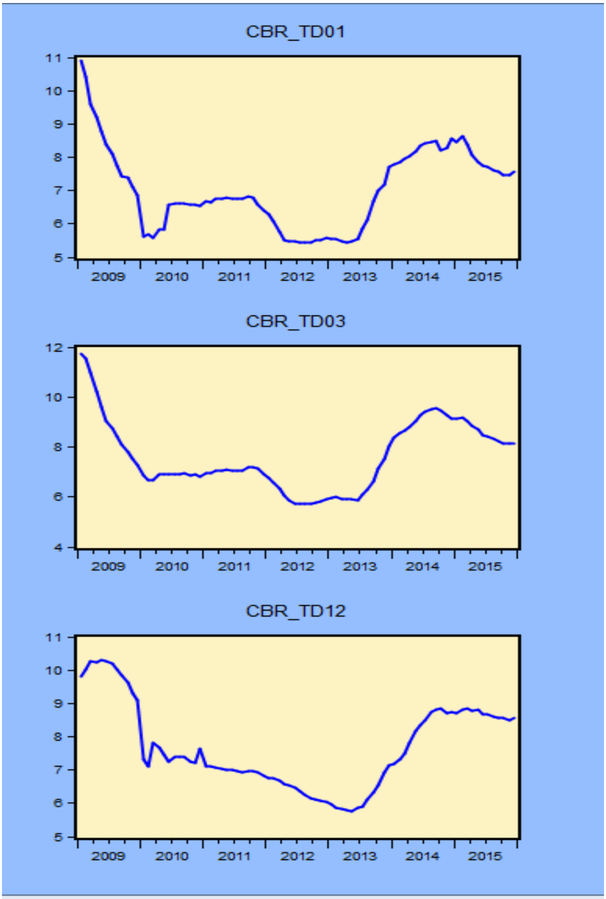
Graph : 6.6
CPI and IPI



Graph : 6.7
CBR for Demand and Saving Deposits



Graph : 6.8
CBR for Time Deposits



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Bismi was born in Dayah Caleue, Pidie, Aceh Province, in September 2nd, 1972. His mother and father are Syamsiah Gade and Khalidin Ubit. He started to study at elementary school, SD Negeri Caleue, in 1979. His high school level was done in the Yunior High School (SMPN) Plimbang (North Aceh), and the Senior High School (SMAN) Kota Bakti, in 1987 and 1990 respectively.

His undergraduate program was finished in Faculty of Syariah IAIN Ar-Raniry Banda Aceh in 1996 with cumlaude predicate. In 2002, He finished master's degree in Economics and Development Studies at Graduate School of Economics, Syiah Kuala University, Banda Aceh, Indonesia. In 2008-2009, he was a research student at McGill University, Montreal, Canada.

In 2009, he pursued study at the Doctoral Program of Faculty of Economics and Business, Syiah Kuala University and he finished the program in 2016. Currently, he is serving as a lecturer of Islamic Economics at Department of Shariah Economic Law, Faculty of Shariah and Law, State Islamic University (UIN) Ar-Raniry, Banda Aceh, where he has been appointed as a lecture at the faculty since 1997.