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INTEGRITY AND HISBAH IN ISLAMIC DEVELOPMENT MANAGEMENT

INTEGRITY

Learning, Mark Based, Whole of Society, Culture, Capacity Building, Openness, System, Accountability, Hisbah, Integrity

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COMPARING BETWEEN COST OF CAPITAL IN ISLAMIC BANKING INDUSTRIAL BASED ON WEIGHT AVERAGE COST OF CAPITAL

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Abstract: *This research aims to compare the cost of capital in Islamic commercial banks in Indonesia with the aim of knowing how effective and efficient capital management is. Cost of capital are considered important for the Islamic banking industry because Islamic banking is an intermediate institution between surplus parties and deficit parties. The importance of capital costs because the cost of capital functions as a benchmark for an investment or financing received or rejected, and the cost of capital is also used to make decisions in the field of capital budgeting. The calculation method used in this research is WACC (Weight Average Cost of Capital), with comparison test used is ANOVA One Way test. The results of this research that there are differences in the cost of capital in Islamic commercial banks in Indonesia. The difference in cost of capital is caused by the profit sharing by banks varying, zakat and dividends paid to shareholders are also different. The cause of the difference in the cost of capital in Islamic commercial banks is also due to the difference in the proportion of capital sources in each bank.*

Keywords: *Cost of Capital, WACC, Capital Budgeting*

Introduction

Indonesia is a country with a majority Muslim population, therefore the national Islamic banking industry continues to experience growth since the establishment of Law No.7 / 1992 concerning a "profit sharing system" which has undergone improvements to Law No. 10 of 1998 concerning the dual banking system in Indonesia. The improvement of the Law was carried out on the basis of the monetary crisis that hit Indonesia in 1998, which proved that transactions with sharia principles were able to avoid the monetary crisis, this was proven by Bank Muamalat. The growth of the Islamic banking industry in the last 10 years has increased by an average of 33.2% (Financial Services Authority, Islamic Banking Roadmap, 2015).

The main activity of the bank is as an intermediate institution whose function is to connect the surplus parties with the deficit parties. The surplus is a party that has funds or depositors. While the deficit party is the party that needs funds. Positive growth in the sharia banking industry has led to an average growth of Islamic bank financing in 2013-2017. Increased funding distribution due to Third Party Funds on banks has increased on average, this shows that Islamic banks increasingly gain trust from the public. To gain public trust, Islamic banks need strong capital. In addition to gaining public trust, a strong capital at the bank functions to accommodate the risk of losses that may be faced by banks, because Islamic banking is a sharia financial institution that means profit oriented where the profit of the institution is greatly considered by stakeholders and financial managers. One of the benchmarks

for measuring capital strength in banks is CAR (Capital Adequacy Ratio). CAR in Islamic banking has increased from 2013-2017, this indicates that the strength of bank capital is getting better because on the other hand the financing channeled by banks is increasing which means the risk is also getting bigger (Financial Services Authority, Sharia Banking Statistics, 2017).

The purpose of the bank in managing capital is to protect its ability to carry out its business activities in order to provide returns to shareholders and stakeholders, therefore it is necessary to conduct an optimal capital structure management so that the capital costs charged can be reduced. Capital structure is the comparison of long-term debt with own capital (Sudana, 2011: 143). According to Sutrisno (2011) in Muhamad (2014: 525) the main source of Islamic bank capital is core capital and quasi equity. Core capital is funds originating from shareholders, while quasi equity is Third Party Funds at the bank. Every capital in the bank has a cost that must be borne by the bank called the cost of capital.

The cost of capital is very important to be taken into account in funding activities carried out by financial institutions, because the cost of capital functions as a benchmark for an investment that can be accepted or rejected (Muhamad, 2014: 500). In addition to being used as a benchmark for investment, the cost of capital also serves to make decisions in the field of capital budgeting in preparing capital structures. Although the cost of capital in Islamic banks is very important, but not many studies have highlighted how the calculation of capital costs in Islamic banks, especially in Indonesia. Shubber and Alzafiri (2008) conducted research on capital costs in the Kuwait Finance House, Dubai Islamic Bank, Qatar Islamic Bank, and Bahrain Islamic Bank. The study concludes that deposit accounts are not seen as liabilities, because deposit accounts are basically instruments that adhere to the principle of "profit-and-loss-sharing", the conclusion that can be taken further is that the increase in third party funds has a positive effect on EPS (Earning Per Share). Setyawan and Atahau (2010) examined the cost of capital in Bank Syariah Mandiri by using the WACC (Weight Average Cost of Capital) calculation, the conclusion of the study is that the cost of debt capital is different from the cost of share capital, and the cost of capital is more affected by the cost of debt capital because there is no cost of share capital during the study period.

Based on these phenomena and the lack of research on the cost of capital in Islamic banks, in this study I will discuss the comparison of the cost of capital to Islamic Commercial Banks in Indonesia for the period 2013-2017. With the intention to find out the difference in the cost of capital at the Islamic Commercial Bank and so that it can be a reference for determining the capital structure of Islamic Commercial Banks.

Theoretical Basis

Sharia bank funding sources consist of core capital, quasi equity, and deposit funds (Muhamad, 2014: 116). Core capital is capital originating from shareholders, core capital is divided into three sources, namely paid up capital, reserves, and retained earnings (Muhammad, 2014: 117). Quasi equity is funds recorded in profit sharing accounts (mudharabah) commonly referred to as temporary syirkah funds. Temporary syirkah funds for banks are divided into three, namely general investment accounts (mudharabah mutlaqah), special investment accounts (mudharabah muqayyadah), and mudharabah accounts which usually consist of savings, current accounts and deposits (Muhamad, 2014: 118). Safekeeping funds are third party funds deposited with the bank, wadiah deposit funds are developed

in the form of checking and savings accounts that are grouped into liabilities. Basically the main source of bank capital consists of core capital and quasi equity.

Funding sources for Islamic banks can be divided into cheap funds and expensive funds. Low-cost funds are funds deposited in banks that do not create an obligation for banks to provide fees, or small fees, whereas expensive funds are funds held in banks that create an obligation for banks to provide compensation, or services provided big. Safekeeping funds, demand deposits, and savings are classified as low-cost funds, while time deposits are classified as expensive funds (Sari, 2016).

Financial managers in companies and other financial institutions have three main objectives, namely deciding investment decisions, profit sharing decisions, and investment decisions. One of the most important aspects of deciding funding decisions is the cost of capital. There are three reasons why the cost of capital is a very important topic, the first is to maximize the value of the company, the second in order to make the right decisions in the field of capital budgeting. The third variety of other decisions taken by financial managers, including those relating to leasing, repayment of bonds, and working capital policies (Weston and Brigham, 1990: 18).

The method of calculating the cost of Islamic capital uses the WACC (Weight Average Cost of Capital) by calculating the costs of each source of capital of a financial institution or company. Islamic financial institutions, especially Islamic banking, are not permitted to use components of debt capital and preferred shares. Islamic bank capital resources consist of core capital, quasi equity, and deposit funds. So that the capital costs incurred by Islamic banks in the form of dividends for core capital sources, in the form of profit sharing for quasi equity, and wadiah bonuses for deposit funds. With the following formula (Setyawan and Atahau, 2010).

$$WACC = W_d K_d (1 - T) + W_e K_e$$

Tax is represented by "T". K_e is the cost of capital for equity calculated by the formula $K_e = z + d + g$, where "z" is zakat, "d" is dividend yield, "g" is dividend growth. K_d is the capital cost of quasi equity and deposit funds with a formula $K_d = (D_t X_1) + (S_t X_2) + (I_t X_3) + (W_t X_4)$, where D_t , S_t , and I_t are profit sharing of mudharabah deposits, mudharabah savings, bound investments or demand deposits mudharabah, while W_t is a wadiah bonus. X_1 , X_2 , X_3 , X_4 are relevant weights from mudharabah deposits, mudharabah savings, bound investments or mudharabah demand deposits, and wadiah funds. W_e and W_d are weights of equity and quasi equity.

In this case, the formula for calculating dividend yield (d) and the expected level of annual dividend growth (g) is needed because in the bank's financial statements the two elements are not mentioned. So that the following formulas are obtained (Saragih et al, 2005: 155).

$$d = \frac{\text{Profit after the tax}}{\text{Dividend}}$$

$$g = ROE \times \text{Rasio Retention}$$

ROE is Return on Equity and Retention Ratio = 1 - Payout Ratio

Methodology

This research is a quantitative research and included as a comparative casual research. This study compared the cost of capital in eleven Sharia Commercial Banks in Indonesia for the 2013-2017 period. The sample used in this study is only eleven BUS because BUS which has carried out its activities based on sharia principles for the past five years is only eleven BUS. The eleven BUS consists of Bank Syariah Mandiri, Bank BNI Syariah, Bank Muamalat, Bank BRI Syariah, BCA Syariah Bank, Bank Bukopin Syariah, Bank Maybank Syariah Indonesia, Bank Mega Syariah, Bank Panin Dubai Syariah, Bank Victoria Syariah, and BJB Syariah Bank .

The data sources used in this study are secondary data obtained from the financial statements of each sharia public bank taken from the official website of Islamic commercial banks in Indonesia. The data in the study are panel data which is a combination of time series data and cross section data. The analysis technique used to calculate the value of the WACC in eleven Islamic public banks with the formula:

$$WACC = W_d K_d (1 - T) + W_e K_e$$

After calculating the WACC value of eleven Islamic public banks and knowing the results, a descriptive statistical analysis test was conducted. Descriptive statistical tests are used to describe the WACC value of each Sharia Commercial Bank. The values described include the minimum value, maximum value, standard deviation, and WACC average on the BUS. And proceed with conducting data normality tests that aim to find out whether the data can be said to be normal or not (Santoso, 2003). Because normal data is a condition for conducting a comparative test. Data normality test using shapiro Wilk test, where if the probability value is <0.05 , the data is not normally distributed, and if the probability value > 0.05 the data is normally distributed. After knowing the data is normally distributed, then a different test is carried out using the One-Way ANOVA test because the samples in this study were more than two samples. One-Way ANOVA test to find out there are differences in the cost of capital in BUS. If the probability value is > 0.05 then there is no difference, and if the probability value is <0.05 , there is a difference in the cost of capital on the BUS.

Findings And Discussions

The WACC value on eleven BUS is shown in diagram Figure 1.

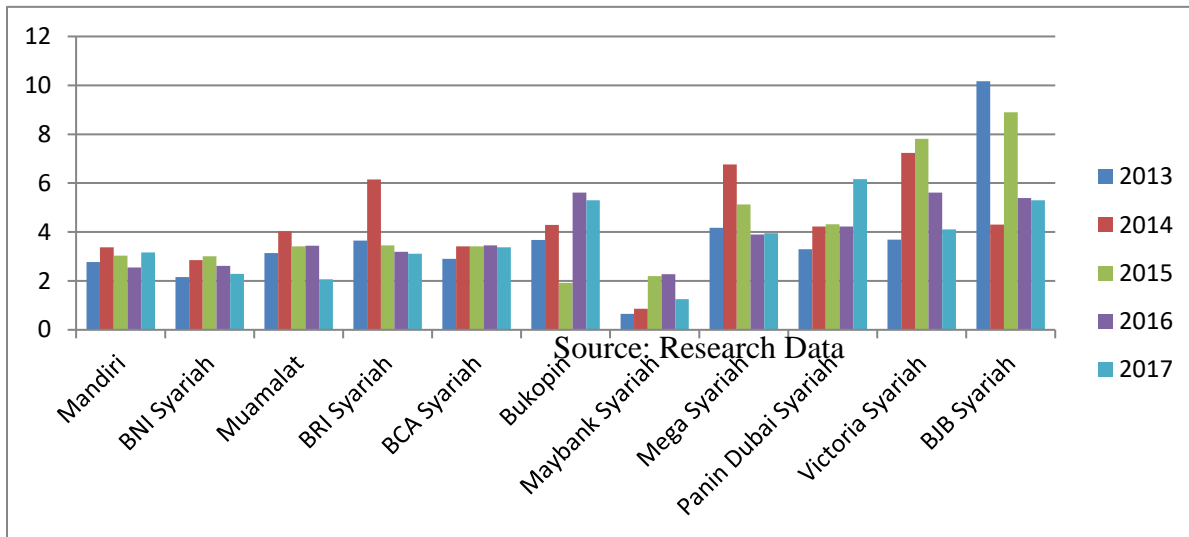


Figure 1. WACC value for BUS 2013-2017

Figure 1 shows that the WACC in sharia commercial banks tends to fluctuate because the Islamic commercial bank uses a relatively more fluctuating principle of profit sharing because the profit sharing principle does not determine definite returns. Figure 1 also shows that the Sharia Maybank Bank has the lowest WACC of eleven BUSs where the WACC is below 3% for five years. And the BJB Syariah Bank has the highest WACC where in 2013 it reached 10%. Descriptive statistical analysis is shown in Table 1.

Table 1. Results of Descriptive Analysis

	N	Mean	Std. Deviation	Std. Error	Minimum	Maximum
Bank Syariah Mandiri	5	,02982	,003291	,001472	,025	,034
Bank BNI Syariah	5	,02587	,003601	,001610	,022	,030
Bank Muamalat	5	,03217	,007249	,003242	,021	,040
Bank BRI Syariah	5	,03911	,012681	,005671	,031	,061
Bank BCA Syariah	5	,03312	,002279	,001019	,029	,035
Bank Syariah Bukopin	5	,04155	,014730	,006587	,019	,056
Bank Maybank Syariah	5	,01448	,007492	,003351	,006	,023
Bank Mega Syariah	5	,04786	,012146	,005432	,039	,068
Bank Panin Dubai Syariah	5	,04443	,010445	,004671	,033	,062
Bank Victoria Syariah	5	,05693	,018280	,008175	,037	,078
Bank BJB Syariah	5	,06812	,025581	,011440	,043	,102
Total	5	,03940	,018332	,002472	,006	,102

Source: SPSS 22 Processed Products

Table 1 shows the average WACC in eleven sharia commercial banks of 3.94%. In accordance with Figure 1, the bank that has the highest WACC average is Syariah BJB Bank which is worth 6.81% while the bank that has the lowest WACC average is Maybank Syariah Bank which is worth 1.45%. Similarly, the minimum value of 0.6% is owned by Bank Maybank Syariah in 2013, and the maximum value of 10.2% is owned by Bank BJB Syariah in 2013.

The next test carried out was the normality test of Shapiro Wilk. Table 2 shows that BRI Syariah Bank and BCA Syariah Bank have data that is not normally distributed with a significance value of Bank BRI Syariah of 0.011 and a significance value of BCA Syariah Bank of 0.006 which means the probability value is <0.05 . In accordance with the One-Way ANOVA test conditions where the tested data must be normally distributed, the BRI Syariah Bank and BCA Syariah Bank cannot be tested in the ANOVA test. The results of the Shapiro Wilk normality test are shown in Table 2.

Table 2. Shapiro Wilk Test Results

WACC	Bank Umum Syariah	Shapiro-Wilk			Keterangan
		Statistic	Df	Sig.	
	Bank Syariah Mandiri	,979	5	,929	Normal
	Bank BNI Syariah	,940	5	,666	Normal
	Bank Muamalat	,910	5	,469	Normal
	Bank BRI Syariah	,704	5	,011	Not Normal
	Bank BCA Syariah	,679	5	,006	Not Normal
	Bank Syariah Bukopin	,933	5	,617	Normal
	Bank Maybank Syariah	,870	5	,266	Normal
	Bank Mega Syariah	,814	5	,104	Normal
	Bank Panin Dubai Syariah	,849	5	,190	Normal
	Bank Victoria Syariah	,912	5	,478	Normal
	Bank BJB Syariah	,866	5	,253	Normal

Source: SPSS 22 Processed Products

While nine sharia commercial banks consisting of Bank Syariah Mandiri, Bank BNI Syariah, Bank Muamalat, Bank Syariah Bukopin, Sharia Maybank Bank, Bank Mega Syariah, Bank Panin Dubai Syariah, Bank Victoria Syariah, and Bank BJB Syariah have significant values $> 0,05$ then the nine banks have the feasibility to be tested in the One-Way ANOVA test. The results of the One-Way ANOVA test are shown in Table 3.

Table 3. Test Result of ANOVA *One-Way*

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	,011	8	,001	7,678	,000
Within Groups	,006	36	,000		
Total	,017	44			

Source: SPSS 22 Processed Products

Table 3 shows that the F value of the WACC count is 7.678 with a probability of 0,000, which means <0.05 , then nine BUSs have different WACCs. So the conclusion is that there are differences in the cost of capital in Sharia Commercial Banks in Indonesia for the 2013-2017 period.

The factors that caused the WACC difference in banks are the weight of each Islamic bank capital source and the different capital costs for each bank. WACC calculations use equity, quasi equity, and wadiah funds with capital costs of zakat, dividends, dividend growth, profit sharing, and wadiah bonuses. To find out the causes of differences in WACC on Islamic banks, it is necessary to look at the components of WACC calculations one by one. The WACC difference in sharia commercial banks when viewed from the side of the cost of equity is found in the profit sharing provided and the respective weight of quasi equity. To be able to see the difference in the cost of quasi equity (Kd), Table 4 is made.

Tabel 4. Statistik Deskriptif Biaya Kuasi Ekuitas (Kd)

	N	Mean	Std. Deviation	Minimum	Maximum
Bank Syariah Mandiri	5	,02779	,003325	,023	,032
Bank BNI Syariah	5	,02336	,003677	,019	,028
Bank Muamalat	5	,02777	,006338	,017	,033
Bank Syariah Bukopin	5	,04155	,014730	,019	,056
Bank Maybank Syariah	5	,01448	,007492	,006	,023
Bank Mega Syariah	5	,04410	,012483	,035	,064
Bank Panin Dubai Syariah	5	,04197	,011214	,033	,062
Bank Victoria Syariah	5	,05693	,018280	,037	,078
Bank BJB Syariah	5	,04196	,011071	,029	,054
Total	45	,03555	,015892	,006	,078

Source: SPSS 22 Processed Products

Table 4 contains information about the average, the minimum value, and the maximum value of the quasi-equity costs of each BUS. The BUS which has the lowest average quasi-equity cost is Maybank Syariah Bank which is equal to 1.44%. This is because the Sharia Maybank Bank uses more core capital to carry out its operations. In quasi-equity Sharia Maybank Banks use deposits more, but when compared to other BUS, Maybank Sharia Banks tend to have a small portion of profit sharing, which is an average of 4.85%. Bank Maybank also did not give wadiah bonuses to customers during the past five years, and did not provide mudharabah savings profit sharing because there was no fund collection by the Sharia Maybank Bank through mudharabah savings, so that caused the lowest quasi-equity of Sharia Maybank Banks among nine other BUSs. If you see a small portion of the profit sharing ratio of mudharabah deposits, it can also be due to the Maybank Syariah Bank experiencing losses during 2015 to 2016, because basically the profit sharing ratio provided is in accordance with the initial agreement and the amount of profit obtained by the bank.

Sharia Commercial Banks which have the lowest average quasi-equity capital cost in the second position are Bank BNI Syariah, which is equal to 2.3%. Unlike the Maybank Syariah Bank, BNI Syariah Bank is more likely to use quasi-equity funds and wadiah funds for its operational activities. Bank BNI Syariah tends to have a balanced proportion between temporary syirkah funds and wadiah funds, which is 50.33% for mudharabah deposits, 29.4% for mudharabah savings, 1.58% for mudharabah demand deposits, and 18.61% for wadiah funds. So that the cost of capital charged is not too large because there is a distribution of revenue sharing between low-cost funds and expensive funds, banks are not charged with capital costs on expensive funds.

Sharia Commercial Banks which have the highest average quasi-equity capital cost are Bank Mega Syariah, which is equal to 4.4%. Mega Syariah Bank is more likely to utilize quasi equity than core capital in carrying out its operations. Mega Syariah Bank also tends to collect mudharabah deposit funds which are included in the category of expensive funds, amounting to 79.77%, indirectly it can be said that the operations of Mega Syariah Bank are funded by mudharabah deposits. When Bank Mega Syariah has a large portion of expensive funds, the cost of quasi equity is also large due to the level of profit sharing of deposits. In this case, Mega Syariah Bank is considered less effective in managing its capital sources.

These things also applied to other sharia commercial banks that have a different proportion of funding sources and different profit sharing ratios. In quasi-equity (Kd) these two factors cause differences in WACC in Islamic Commercial Banks. Regarding cheap funds and expensive funds, basically cheap funds and expensive funds have the same benefits, which can be used for banking operations, used to fund bank asset activities. The purpose of funding the activities of bank assets is to obtain profits which will later be used to divide the profit sharing ratio agreed upon between the bank and the customer. If banks tend to have a high proportion of expensive funds, the cost of capital to banks will be high because more is used to pay for expensive funds. If banks tend to have cheap funds, the cost of capital to the bank will be small because more is used to pay low-cost funds and will be more profitable for the bank.

To be able to see the difference in WACC in terms of capital cost of equity (Ke), that is to see how Islamic banks pay zakat and dividends, as well as dividend growth expected by capital owners. Table 5 provides information about zakat paid by banks from 2013-2017.

Table 5. Zakat Payments By Islamic Commercial Banks 2013-2017

Islamic Commercial Bank	2013	2014	2015	2016	2017
Bank Syariah Mandiri	2,50%	2,50%	2,50%	2,50%	2,50%
Bank BNI Syariah	2,53%	2,51%	2,50%	2,28%	2,75%
Bank Muamalat	4,07%	12,01%	1,31%	1,60%	3,34%
Bank Syariah Bukopin	0,00%	0,00%	0,00%	0,00%	0,00%
Bank Maybank Syariah	0,00%	0,00%	0,00%	0,00%	0,00%
Bank Mega Syariah	2,50%	2,73%	2,50%	2,50%	2,50%
Bank Panin Dubai Syariah	0,00%	2,50%	2,56%	2,50%	0,00%
Bank Victoria Syariah	0,00%	0,00%	0,00%	0,00%	0,00%
Bank BJB Syariah	0,00%	2,06%	0,00%	0,00%	0,00%

Source: Research Data

Table 5 shows that Sharia Commercial Banks are uncertain in making zakat payments, even though in Islam it has been determined that the payment of zakat is 2.5% of profit, but BUS does not always pay zakah of 2.5%. In fact, there are some BUSs that have not paid zakat for 5 years, namely the Bukopin Syariah Bank, Sharia Maybank Bank, and Victoria Syariah Bank. Maybank Syariah Bank and Victoria Syariah Bank themselves do not pay zakat due to several years of loss.

If the bank pays zakat, the cost of equity capital will increase, but if the bank does not pay zakat, the cost of equity capital is small. Not paying zakat which is an obligation for Islamic banks can provide an unfavorable view of the bank, because it can reflect losses experienced by the bank and if there is no loss, the bank has violated sharia compliance. If seen from the payment of zakat, there is no

significant difference regarding the cost of equity capital because the BUS has fulfilled the obligation to pay zakat of 2.5%.

Almost all Sharia Commercial Banks do not pay dividends to shareholders. Sharia Commercial Banks that pay dividends only Bank Muamalat in 2016 amounted to 5% and Syariah BJB Bank in 2013 amounted to 41.5%, in 2014 amounted to 0.20%, in 2015 amounted to 35.97%. So when viewed from dividend payments there is no fundamental difference because the average Islamic bank does not pay dividends during the period 2013-2014.

Dividend growth that investors expect is related to dividends paid by banks, so that those who have dividend growth costs are banks that pay dividends, namely Bank Muamalat and Syariah BJB Bank. Bank Muamalat has dividend growth of 2.85%. BJB Syariah Bank has dividend growth of 2.72% in 2013, 3.46% in 2014, and 0.59% in 2015. Like zakat and dividend payments, dividend growth does not show a fundamental difference in the cost of equity capital. Table 6 shows descriptive statistics for the cost of equity capital (Ke) in banks.

Table 6. Descriptive Statistics of Cost of Equity Capital in BUS Period 2013-2017

Bank Umum Syariah	Mean	Minimum	Maximum
Bank Syariah Mandiri	0,20%	0,19%	0,21%
Bank BNI Syariah	0,25%	0,21%	0,31%
Bank Muamalat	0,44%	0,09%	0,82%
Bank Syariah Bukopin	0,00%	0,00%	0,00%
Bank Maybank Syariah	0,00%	0,00%	0,00%
Bank Mega Syariah	0,38%	0,23%	0,48%
Bank Panin Dubai Syariah	0,25%	0,00%	0,44%
Bank Victoria Syariah	0,00%	0,00%	0,00%
Bank BJB Syariah	2,62%	0,00%	6,43%

Source: Research Data

Table 6 has shown that the Sharia BJB Bank has the highest cost of equity capital (Ke) because Sharia BJB Bank pays zakat, dividends, and dividends dividends. The second BUS which has the highest average cost of capital for equity is Bank Muamalat. Like the Syariah BJB Bank, Bank Muamalat has a high cost of equity capital due to distributing dividends in 2016, and it is well known that in 2014 Bank Muamalat paid zakat by 12%. But basically dividend distribution means that the bank is in good condition because of its surplus net income so that it can distribute dividends to shareholders.

However, there are several banks that have a capital cost of equity (Ke) of 0%, the BUS consists of Bank Bukopin Syariah, Sharia Maybank Bank, and Victoria Syariah Bank which has a capital cost of equity (Ke) of 0% for five consecutive years from 2013-2017. As well as several BUS that have a value of 0% in a given year, namely Bank Mega Syariah in 2013 and 2017, and BJB Syariah Bank in 2016-2017. The capital cost of equity (Ke) is 0% because BUS does not pay zakat and dividends to shareholders. The reason for not paying dividends to shareholders is that when the GMS (General Meeting of Shareholders) the stakeholders agree not to distribute dividends because the stakeholders choose all net income to be considered as retained earnings.

If viewed based on the proportion of capital, the average BUS uses more quasi equity than its core capital. This makes the cost of capital for equity owned by BUS very small, because most BUSs do

not distribute dividends to shareholders, BUS only carries out its obligations in paying zakat. So that for the cost of capital over equity there is no significant difference between BUS because during the 2013-2017 period almost all BUSs carry out their obligations to pay zakat, and almost all BUSs do not pay dividends to shareholders.

The conclusion that can be drawn from this study is the difference in WACC in Syariah Commercial Banks due to the different results given to customers, and the policies of each bank in utilizing its capital sources.

Basically a small WACC does not necessarily symbolize the bank's performance in choosing its investment or financing to get a profit. Like the Sharia Maybank Bank which has the smallest WACC not because it is right in choosing an investment, but on the contrary due to a loss, it cannot pay the obligations of zakat and dividends so the capital costs are small. WACC is well managed if all components in the WACC calculation are paid, in this study almost all BUSs do not pay their dividends, even though the investor's goal is to invest in the bank to get dividends. Likewise with customers who invest their funds in BUS with the aim of obtaining profit sharing in the future.

BUS can be said to be effective and efficient if it uses more cheap funds for asset activities funded by banks than utilizes expensive funds. By using low-cost funds, banks have lower costs for quasi-equity and can generate greater profits. However, if the BUS uses more of its own capital (equity) for asset activities that are funded by banks, the bank's performance is not good in terms of raising funds, and the bank's risk is also greater because of the absence of risk spread. Therefore managing capital by calculating the cost of capital is very important for the sustainability of banking activities as an intermediary between the surplus party and the deficit party, so as to continue to generate profits for both parties, investors and the bank itself. In the Qur'an it has been mentioned the importance of managing finance in Surah Al-Luqman verse 34 as it reads.

إِنَّ اللَّهَ عِنْدَهُ عِلْمُ السَّاعَةِ وَيُنزِلُ الْغَيْثَ وَيَعْلَمُ مَا فِي الْأَرْحَامِ وَمَا تَدْرِي
نَفْسٌ مَّاذَا تَكْسِبُ غَدًا وَمَا تَدْرِي نَفْسٌ بِأَيِّ أَرْضٍ تَمُوتُ إِنَّ اللَّهَ عَلِيمٌ خَبِيرٌ



Translation: Surely Allah, Ever He, has in His Providence knowledge of the Hour; and He sends down succoring (rain); and He knows what is in the wombs; and in no way does any self realize what it will earn tomorrow, and in no way does any self realize in whichever land it will die. Surely Allah is Ever-Knowing, Ever-Cognizant.[1187] That means: the human being cannot know for sure what he will try tomorrow or what he will get, however they are obligated to get it.

The results of the study are there are differences in the cost of capital in Islamic Commercial Banks in Indonesia in the period 2013-2017. The results of this study support the previous research conducted by Tri Wahyuni (2014) which states that there are differences in the cost of capital of BPRS between regions in Indonesia in 2011-2012.

Conclusions

The main capital sources of Islamic banks consist of core capital, quasi equity and wadiah funds. In calculating capital costs on Islamic banks the components included in capital costs are zakat, dividends, and dividend growth for capital costs for core capital (K_e), for capital costs for quasi equity (K_d) is the profit sharing given to customers on account- profit sharing accounts (mudharabah), and capital costs for wadiah funds are wadiah bonuses.

Based on the One-Way ANOVA output shows that F count is 7.678 with a probability of 0.000 which means probability <0.05 . Then there is a difference in the cost of capital in Sharia Commercial Banks in Indonesia for the period 2013-2017. The WACC differences in Sharia Commercial Banks are most prominent due to capital costs for quasi equity and wadiah funds. Each Sharia Commercial Bank provides different levels of profit sharing to its customers because there are profit and loss factors experienced by the bank. The conclusion that can be drawn.

The WACC difference in Islamic Commercial Banks when viewed from the side of the cost of capital over equity (K_e) there is no significant difference. This is due to the fact that during the 2013-2017 period Sharia Commercial Banks mostly carried out their obligations to pay zakat, and most did not make dividend payments. There are even some banks that have 0% due to not paying zakat and dividends. So that the cost factor of equity capital is difficult to know the difference.

The limitation of this study is if the study uses the WACC method which includes components of zakat, dividends, dividend growth, profit sharing, and wadiah bonuses as capital costs. So the limitations of this study are difficult to distinguish small capital costs due to the good performance of banks that can reduce capital costs or the cost of small capital because banks experience losses. If the bank suffers a loss, the bank cannot pay zakat and dividends, and the profit sharing distributed to customers is also small so the capital costs are small.

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