

ABSTRACT

Islamic banks provide competitive murabahah financing with less margin than the interest rates charged by conventional banks, so they can compete with them. However, in reality, the murabahah margin exceeds the interest rate given by the bank. This research aims to analyze the influence of murabahah financing volume, operational costs, interest rates, third party funds, and inflation on murabahah margin income at Islamic commercial banks in Indonesia.

The analytical method used in this research is panel data regression analysis. The data used is panel data with a total of 708 observations obtained from the financial reports of Islamic banks, Bank Indonesia, OJK and BPS.

The research results show that simultaneously the variables of murabahah financing volume, operational costs, interest rates, third party funds and inflation have a significant effect on murabahah margin income. Partially, the variables of murabahah financing volume, operational costs, interest rates, third party funds, and inflation have a positive and significant effect on murabahah margin income.

Keywords: *murabahah margin income, operational costs, interest rates, third party funds, inflation*