

ABSTRACT

The largest asset in sharia banking is financing, along with the rapid development of sharia banking, management is required to maximize their assets to increase their profits. Therefore, sufficient knowledge and understanding of financing risks in sharia banking must be owned. This study aims to analyze the influence of Good Corporate Governance (GCG), Financing Principles, and Financing Usage on Non Performing Financing (NPF) of Sharia Banking. Variable Financing Principles consist of assets based financing (mudharabah and musyarakah), and debt based financing (murabahah, salam, istishna, and ijarah) while Financing Usage consists of working capital financing, investment financing, and consumption financing.

The sample used in this research is secondary data from non performing financing (NPF), composite value of corporate governance, assets based financing, debt based financing, and working capital financing, investment financing, and consumption financing for the period 2011-2015. This study uses Multiple Linear Regression Method as the method of analysis.

The results of this study indicate that GCG, financing Principles, and Financing Usage affected the level of non performing financing on Islamic Banking in Indonesia. Then the partial test shows debt based financing, investment financing, and consumption financing have a significant positive effect on the level of non performing financing on Islamic Banking in Indonesia.

Keywords: NPF, Sharia Banking, GCG, Assets Based Financing, Debt Based Financing, Working Capital Financing, Investment Financing, Consumption Financing