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# CONFERENCE PROCEEDING

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2. ISLAMIC BANKING AND CAPITAL MARKET
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# ISLAMIC BANKING AND CAPITAL MARKET

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# Role of Accounting Information and Principles of Sharia Financing Assessment in Financing Decisions

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**Abstract**

The aim of this study is to assess the analysis of accounting information and analysis of sharia financing assessment principles conducted by credit analysts of Sharia Bank as the basis in making financing decisions. The object of this study is credit analyst of BRI Sharia Bank Ltd., Regional Offices of Semarang, Pati, Kudus, and Jepara. This study employed multiple linear regression method and Independent Sample T-Test to analyze the data.

This study replicates Karamina's (2012) research on the effect of accounting information and non-accounting information on credit decisions in Commercial Banks. The difference which may become a novelty in this study is to examine the differences of accounting information and non-accounting information, in this case assessed by using the principles of sharia financing assessment, toward the decision of financing by credit analyst.

This study found that accounting information and sharia finance assessment principles affect financing decision by credit analyst of BRI Shariah Bank Ltd., Regional Offices of Semarang, Pati, Kudus, and Jepara.

Keywords: AI, NAI, FD

## 1. INTRODUCTION

The banking sector is an institution that has a strategic role in the financial system because banking is a financial intermediary that collects funds from the public and redistributes it to the public in the form of financing, for examples, People's Business Credit (KUR),Home Development loans(KPR),Motor Vehicle Loans (KKB), and so forth. According to Astiko (1996), credit is the ability to carry out a purchase or make a loan with promise, then payment will be carried out at an agreed time period. Therefore, in financing, the bank must have standard rules so that it will be no errors in providing the financing to customers.

Financing is an important activity for banks because it becomes the largest source of income for banks. In addition, financing is a form of bank contribution in development, as a tool of economic stability, and also can be used to improve income equity. There are so many benefits obtained from financing. However, this can be controversial when looking at the interest that arises from giving credit because it can be said to be usury. Therefore, the actual provision of credit does not need to be followed by the emergence of credit interest. However, this cannot be done because the interest earned from the credit distribution is the main income of the banking sector, and it can help in terms of development and as a tool of economic stability.

Based on Islamic worldview, credit or financing is something that is permissible, with the conditions of repayment made by the recipient of credit only limited to the amount of the principal, and not with the interest. It is because interest from savings and credit activities becomes usury. In addition, those who receive credit must be serious about paying their debts off. This is in accordance with HR. Ibn Majah No. 2400 which stated "Allah will be together (to help) those who are in debt (who want to pay off their debts) until he repays the debt as long as the debt is not something that is forbidden by Allah". In the hadith, it is said that the recipient of credit must be willing to pay off all of its debts with a nominal amount of the principal of the loan and the debt is used for something that is lawful.

Even though credit or debt is something that is permissible in Islam, but those who receive credit must realize that they have a debt and must be paid within a predetermined time. The rules related to the accounts payable in Islam are very strict. According to HR. Muslims "the person who is martyred is forgiven all his sins, except debt". From the hadith, it is clearly stated that the person who receives credit must pay according to the nominal credit obtained in a predetermined period of time.

Banks as parties that connect credit to the public, often find debtors who is not keeping their promises to repay the loans they submit. In the sense, the debtor is not willing to pay the credit arrears owned for various reasons. For example, the lack of business is being carried out so that the money generated is only enough to pay for personal needs. This must be a serious concern for the bank that knows all the information from the debtor before giving a decision on the approval of the fee to minimize the occurrence of uncollectible receivables. Therefore, a credit analyst is needed to be able to see the condition of the customer. Credit analysts must be able to carry out credit assessments in all aspects, both financial and non-financial. According to Dendawijaya (2003), credit analysis is a process intended to analyze or assess a credit application submitted by a prospective credit debtor, so as to provide confidence to the bank that the project to be financed with bank credit is feasible. Thus, in the implementation of credit analysis, a credit analyst must be able to examine or assess the applicant in-depth from the accounting information and non-accounting information obtained.

Financing decision making should be guided by the results of the analysis of accounting information derived from the financial statements of prospective borrowers to minimize the occurrence of financing decision-making errors. Financial statement analysis can be used to predict the business prospects and business capabilities of prospective debtors in generating future cash flows as guidelines in implementing financing approval decisions. According to Karamina (2012), the analysis of accounting information is carried out by examining the debtor's financial statements to determine the level of liquidity, solvency, profitability, and stability of the debtor's business. Therefore, prospective borrowers must provide clear, correct and detailed accounting information to the bank so that credit applications can be approved, which is in accordance with the Word of God in QS. Al-Baqarah verse 282.

According to QS. Al-Baqarah verse 282, it can be concluded that Islam has taught to do a recording system with the aim of truth, certainty, openness, and justice between the two parties who have a *muamalah* relationship, in this case, the relationship between the prospective debtor and the bank. Thus, in order for the financing decision process to be smooth, debtor candidates should provide correct accounting information in accordance with the business financial condition they have, so that the bank can provide financing decisions that are suitable for prospective borrowers, namelyaccepted or rejected.

In the financing decision process, a credit analyst does not only examine accounting information derived from the prospective debtor's financial statements. However, credit analysts must also examine non-accounting information related to prospective borrowers. Non-accounting information analysis is an analysis of business quality and stability by considering and examining various aspects outside the financial statements to provide a complete picture of prospective borrowers to support financing decisions, considering the character, background, quality of management, market and competition, and prospects business (Karamina 2012). In relation to Islamic Banks, the analysis of non-accounting information that must be carried out by credit analysts must be in accordance with the principles of Islamic financing assessment, where the principle of valuation is based on the principles of 5C (Character, Capacity, Capital, Collateral, and Condition) and 1S (Sharia). Thus, the credit analyst must know about the character, background, and business prospects of prospective borrowers to further emphasize the financing decisions that will be given, in addition to analyzing accounting information.

There are several studies on credit decisions made by banks, including Ustadi (1993), Rachmiyanto (2002), Sudaryono (2005), Saryadi (2007), Mintarti and Zaki (1994), Gulo (2010) and Karamina (2012). This study refers to research conducted by Karamina (2012) regarding the decision of commercial banks to make credit agreements based on an analysis of accounting information and non-accounting information obtained from prospective borrowers. The novelty in this study is the object of research carried out on Islamic Banks, where the author's knowledge has not been found in the study of financing decisions made by Islamic Banks in Indonesia.

This research is important to be carried out because in this study will explain the level of accounting information disclosure and analysis of the principles of Islamic financing assessment relating to bank decisions in providing financing to prospective borrowers. Where accounting information is derived from the financial statements of prospective borrowers, while non-accounting information is assessed from the analysis of the principle of Islamic financing assessment that is obtained from interviews and observations made by credit analysts regarding the personal conditions of prospective borrowers. Furthermore, the results of this study will provide benefits for several stakeholders, Islamic banking management, credit analysts, and sharia banking customers.

### 1.1 Research Question

The bank is an institution that has a role as a fund collector from the community and redistributes it to the community in the form of financing. The financing agreement provided by the bank to the public must be based on information previously obtained by the bank from prospective debtors. This information is in the form of accounting information and non-accounting information that is held by prospective borrowers. Credit analysts are part of the bank designated to analyze accounting information and non-accounting information from prospective borrowers, which will be used later as guidelines for making financing decisions, namely accepted or rejected.

Based on the description above, the research questions are:

1. How does accounting information affect financing decision making in Islamic Banks?
2. How does the principle of Islamic financing assessment affect financing decision making in Islamic Banks?
3. Is there a difference in the effect between accounting information and Islamic financing assessment principles on financing decision making in Islamic Banks?

### 1.2 Research Purpose

The purpose of this study is to conduct empirical testing to examine the effect of the implementation of accounting information analysis and Islamic financing assessment principles conducted by credit analysts as a basis for financing decisions made by banks to prospective Islamic Bank borrowers.

## 2. THEORITICAL REVIEW

### 2.1 Sharia Banking

Sharia Banks are financial institutions whose main businesses provide financing and other services in payment procedures as well as circulation of money whose operations are adjusted to the principles of Islamic law.

According to Hernandez (2014), Sharia Banks (Islamic Banks) are banking institutions that use systems and operations based on the principles of law or Islamic sharia, as regulated in the Qur'an and Al Hadist. According to Arifin (2014), based on sharia principles, banks can take out the funds in the form of:

a. *Wadiah*, which is guaranteed security and return (guaranteed deposit), but without obtaining rewards or benefits;
b. The participation of share-based and risk-sharing capital (non guaranteed deposit) for general investment account (*mudharabahmutlaqah*) whereby the Bank will pay a proportionate share of the profit from the portfolio funded with the capital;
c. Special investment (*mudharabahmuqayyadah*) where the Bank acts as investment manager to obtain fees. So, the Bank does not participate in investing while investors fully take risks on the investment.

While Islamic banking products, as described by Karim (2006) there are three basic parts of the product. *First*, funding products, it includes the principles of *wadi'ah* and *mudharabah*either*mudharabahmutlaqah* (Unrestricted Investment Account) or*MudharabahMuqayyadah* (Restricted Investment Account). *Second*, product distribution (financing), covering the principles of buying and selling, rent (*ijarah*), profit sharing (*syirkah*), as well as other complementary contracts and service products. *Third*, service products include *sharf* principles (buying and selling foreign exchange) and *ijarah* (rent).

### 2.2 Sharia Payment

Islamic banks also have a major role in economic activities in Indonesia, namely as an institution that collects funds from the public and redistributes it in the form of financing to customers. Pratami (2011) stated that financing is funding that is spent to support planned investments, either carried out alone or run by others. In a narrow sense, financing is used to define funding carried out by financial institutions, namely to customers. According to Law Number 10 of 1998 concerning Sharia Banking, financing based on sharia principles is the provision of money or equivalent claims based on an agreement between the bank and another party that requires the financed party to return the money or bill after a certain period of time with rewards or profit sharing.

Financing is an activity that is very important for banks because financing is the main source of income and it is useful as a support for bank business continuity. However, if the management of financing is not good, it can cause problems, namely, the business continuity of the bank will stop. Therefore, banks should first analyze prospective borrowers before making credit agreements to prospective borrowers. This analysis can be done by assessing accounting information and non-accounting information held by prospective borrowers.

Sharia-based financing aims to increase employment opportunities and economic welfare in accordance with Islamic values. The financing must be enjoyed by many entrepreneurs in the fields of industry, agriculture, and trade to support employment opportunities and support the production and distribution of goods and services in order to meet domestic and export needs (Yusuf and Abdul 2009). Thus, it is expected that the provision of financing to prospective borrowers provides benefits not only for prospective borrowers, but also benefits for others. For example, with the existence of financing, new jobs will be opened, as well as the need for goods and services to be fulfilled by financing from banks.

### 2.3 Accounting Information

Related to the financing decision-making process, the analysis of information from prospective borrowers needs to be carried out, either in the form of accounting information or non-accounting information. The accounting information required by credit analysts comes from the financial statements, wherein the financial statements will reflect the financial condition of the prospective debtor. Based on the ratios that can be obtained from the financial statements, the credit analyst can then provide conclusions on the results of the analysis to accept or reject financing applications from prospective borrowers. This is consistent with research conducted by Mintarti and Zaki (1994) which states that accounting information has an influence on credit decision making.

Analysis of accounting information is carried out based on data on the financial statements of prospective borrowers. Therefore, the financial statements attached by prospective borrowers must be recorded correctly and completely so that they are able to reflect the financial condition of the prospective debtor's business significantly. This is in accordance with the Word of God in QS. Al Isra 'verse 35 " Give full measure when you measure and weigh with even scales. That is fair and better in consequence". The purpose of the paragraph above is that everything listed in the financial statements must be presented correctly, both in the calculation and in writing.

Financial statements are part of a complete financial reporting process which usually includes a balance sheet, income statement, statement of changes in financial position that can be presented in various ways such as, for example, a cash flow statement, or a statement of flows of funds, notes and other reports and explanatory material that is integral part of financial statements. In addition, it also includes schedules and additional information related to the report, for example, financial information on industrial and geographical segments and disclosure of the effect of price changes (IAI 2009).

According to Sofyan (2008), financial statements are outputs and final results of the accounting process. Financial statements become information material for users in the decision-making process. In addition, the financial statements becomes as a tool of accountability for the company, as well as describing indicators of the company's success in achieving the goals. Thus, the financial statements can reflect all business transactions over time, both net increases and decreases in the economic value of the company. Therefore, financial statements can be used as the main media to assess performance and economic conditions, by analyzing the liquidity, solvency and profitability ratios of a company.

### 2.4 The Principles of Sharia Financing Assessment

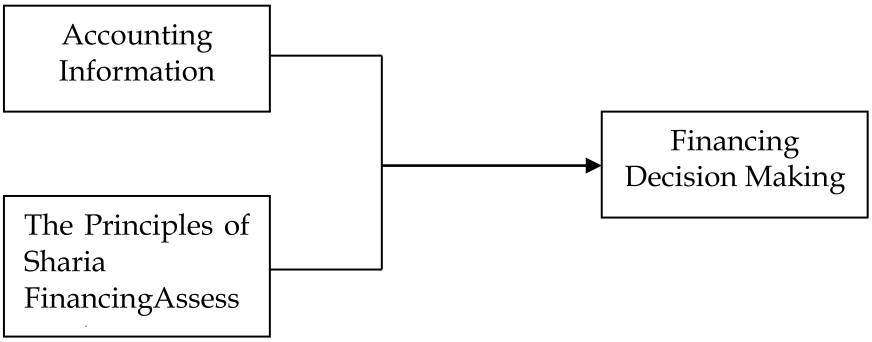
The principle of Sharia finance assessment is an assessment principle that is the basis for credit analysts in providing financing decisions for prospective borrowers. The principle of Islamic financing assessment is non-accounting information for credit analysts. Where non-accounting information is information obtained from out of the economic activities and the company's financial condition. The data obtained in the analysis of non-accounting information in applying for financing is data that is out of the company's financial condition, namely data regarding personal and parties related to the business activities of prospective borrowers. The analysis used for non-accounting information is applied to credit analysis qualitatively, that is, looking at it from a different perspective, such as analyzing debtor reputation, management, risk level, competition, environment, macro economy, business trends, etc. (Supriyono, 2011 )

According to Karamina (2012), non-accounting information analysis is an analysis of quality and business stability by considering and examining various aspects outside the financial statements to provide a more complete and complete picture of debtors to support credit decisions, namely considering the character, background, quality of management , market and competition, and business prospects. Furthermore, the credit analyst in the process of analyzing non-accounting information will assess the personal abilities of prospective borrowers that arecommonly known as the 6-C, 4-P, and 3-R principles.

According to BPRS PNM Al-Ma'soem (2004), before a credit analyst provides an assessment of a prospective borrower's financing proposal, the credit analyst must pay attention to the principle of financing assessment related to the condition of the prospective debtor as a whole. In the world of Islamic banking, the assessment principle is known as the principle of 5C + 1S,they are Character, Capital, Capacity, Collateral, Condition of Economy, and Sharia.

The most important principle to be fulfilled by prospective borrowers is the character. If the credit analyst has judged that the candidate's personal character is not good, so the other principles do not need to be fulfilled, in other words, the financing decision is rejected. This is because, although the business carried out from financing runs smoothly, but if the prospective debtor has a bad character, such as a wasteful lifestyle and is not willing to pay debts, so the bank will suffer losses. In addition, the principle of financing assessment that is no less important is Sharia. The business to be financed does not violate sharia, which is halal. This is in accordance with fatwa Dewan Syariah Nasional (DSN) which states that managers cannot violate Islamic sharia law in their actions relating to *mudharaba*.

The research framework model for factors that influence financing decisions on Islamic Banks can be described in the following scheme:




**Hypothesis 1**
**Hypothesis Framework Model**

### 2.5 The Effect of Accounting Information on Financing Decision Making

Financing is a funding that is spent to support planned investments, either carried out alone or run by others (Pratami, 2011). Financing is an activity that is very important for banks because financing is the main source of income and is useful as a support for bank business continuity. Therefore, before the bank decides to provide financing to prospective borrowers, it must first analyze the financial condition of the prospective debtor. This analysis can be done by assessing the debtor's business financial statements, namely by looking at the ratio of liquidity, solvency, profitability and other financial assessments. By assessing the financial statements of prospective borrowers, the credit analyst will know the ability of prospective borrowers to return their obligations. In addition, from the financial statements, it will be seen the number of assets of prospective borrowers, which later if the prospective debtor experiences a loss, the asset can be sold to pay off its obligations. Thus, the analysis of accounting information is very helpful for the bank in giving credit decisions, which are accepted or rejected.

This statement is supported by the research of Karamina (2012), and Mintarti and Zaki (1994), which states that accounting information affects credit decisions taken by banks. Based on the description above, the hypotheses that will be described in this study are:
**H1:** Accounting information has an effect on financing decision making.

### 2.6 The Effect of Principles on Sharia Financing Assessment on Financing Decision Making

Islamic banks have a role as an institution that collects funds from the community and redistributes them in the form of financing. Financing is very important for banks because it is as the bank's main income. In addition, financing can also be used as a tool for economic stability. Therefore, in providing financing to prospective borrowers, banks must analyze the personal condition of prospective borrowers, namely seeing from the personal character of prospective borrowers, the seriousness of prospective borrowers in applying for financing and in terms of returning their obligations, assessing the guarantees provided by prospective borrowers, and knowing the purpose of financing for something that does not violate Sharia.

Analysis of non-accounting information is an assessment of the financial condition of the prospective debtor so that the assessment is carried out from the personal condition of the prospective debtor. In order for the debtor candidate get approval from the bank, the prospective debtor should meet the 5C + 1S principles, namely Character, Capital, Capacity, Collateral, Condition of Economy, and Sharia. All of those principles, the principle of character and sharia is the most important because it shows the personal characteristics of prospective borrowers and shows the purpose of financing proposals. If the principle of character and sharia is not fulfilled, then the financing decision must be reviewed.

This statement is in accordance with research of Gulo (2005) which states that not accounting information can affect credit decision making.

Based on the description above, the hypotheses that will be described in this study is:

**H2:** Principles of evaluating Islamic financing affect the decision making of financing.

### 2.7 The Differences of Accounting Information and Principles for Sharia Financing Assessment toward Financing Decision Making

Financing is an activity that is very important for banks because financing is the main source of income and is useful as a support for bank business continuity. Therefore, the implementation of the analysis by the bank before making financing decisions is very important to do. The analysis is carried out for accounting information and non-accounting information obtained from prospective borrowers. Not only the analysis of financial information which is carried out, but also the results of an analysis of the information about the personal condition of the prospective debtor. Both of this information is very important as reference material for financing agreements. This is because an analysis of accounting information can indicate the condition of prospective borrowers in returning their obligations. While the analysis of non-accounting information can show the character of prospective borrowers, whether they have good character or not, and the purpose of applying for financing must be in accordance with sharia. Thus, the analysis of accounting information and non-accounting information needs to be done as a basis for financing decisions.

However, in banking practice, the analysis that is more used to make financing decisions is information that is non-accounting, namely by looking at prospective borrowers from conditions outside the financial sector. This information can be obtained from an assessment of the financing principle which consists of 5C + 1S. Furthermore, the principle of Islamic financing assessment which is mainly used to determine the approval of financing provision is the character and sharia principles. If the debtor candidate does not fulfill both assessments regarding the character and sharia principles, it is certain that the financing proposal will be reviewed, even though the accounting information analysis meets the requirements. This is because the character of prospective borrowers can determine the smooth payment of installments from financing. If the character of the prospective debtor is often broken promises, the possibility of installment payments will also be delayed, so as to increase the Bank's Net Performance Financing (NPF). Sharia principles (objectives) are also the main assessment of financing agreements for prospective borrowers. If the prospective debtor's business appears to be not in accordance with sharia principles (not lawful), for example, the submission of financing for a liquor business, it can be ensured that the request for financing from prospective debtors will be rejected.

Based on the description above, the hypotheses that will be described in this study is:

**H3:** There is a difference between accounting information and the principle of Islamic financing assessment in financing decision making.

## 3. RESEARCH METHODOLOGY

### 3.1 Population, Sample, Sample Taking Techniques

The population of this study is all credit analysts working at *PT. Bank BRI Syariah*Semarang, Kudus, Pati, and Jepara. Determination of the sample was carried out by sampling census method, where all populations in this study were used as research samples.

### 3.2 Data Collection Method

Data collection is done by survey method. The data for this study are primary data, namely by using a questionnaire distributed to credit analysts who work at *PT. BankBRI Syariah,* Semarang, Pati, Kudus, and Jepara.

### 3.3 Research Variable

This research is an empirical research that attempts to explain the factors that influence financing decision making in Islamic Banks. These factors include accounting information and non-accounting information, in this case, assessed using the principle of Islamic financing assessment, as a factor that influences financing decision makingis an independent variable. Whereas financing decision making is the dependent variable.

### 3.4 Operational Definition

Measurement of accounting information variables and sharia financing asessment principles uses 47 items of questions adapted from Rachmiyantono (2002) and is based on a 5-point Likert scale, i.e. starting from number 1 (disagree) to number 5 (totally agree). Whereas for the measurement of financing decision variables using a percentage comparison the amount of financing received with the amount of financing proposed each year.

Each indicator in the accounting information and non-accounting information variables is outlined in the operational definition as follows:

**Table 2**
**Operational Definition of Variable**

| X | Accounting Information | Operational Definition |
|---|---|---|
| 1 | Cashflow projection | The Bank always analyzes cashflow projections. |
| 2 | Growth rate | Estimated growth rate of demand for products / services produced by prospective borrowers. |
| 3 | Assessment of fixed assets | Assessment of the company's fixed assets for the past year. |
| 4 | Guaranteed fixed assets | Information about guaranteed fixed assets to other parties. |
| 5 | Working capital needs | Information working capital needs adequately fulfilled |
| 6 | Inventory turnaround time | Information on debtor inventory turnaround time is standard. |
| 7 | The Estimates and policies of financial statements | Preparation of financial statements using estimates and policies. |
| 8 | Comparison of Profit / Loss for the last three years | Comparison of the income statement for the last three years. |
| 9 | Operating costs | Information of company operating costs the last one year. |
| 10 | Annual compensation for employees and directors | Total annual compensation paid to employees and directors. |
| 11 | Financial reports based on general prices | Financial reports adjusted for general prices. |
| 12 | Fund management efficiency | Information about the efficient management of funds withdrawn by prospective borrowers fairly. |
| 13 | Quality of the checking account | The quality of the prospective debtor's checking account is very convincing. |
| 14 | Financial list projection | Debtor candidates who apply for financing can prepare a financial list projection. |
| 15 | Sales projection | Sales projection for the coming fiscal year. |
| 16 | Decreased business | Decreased business experience of approximately three years. |
| 17 | Age of accounts receivable | Overview of the age of accounts receivable at balance sheet date |
| 18 | Overview of long-term debt | An overview of current company long-term debt. |
| 19 | The ability of prospective borrowers to | Information on the ability of the debtor to repay the debt. |

| | | |
|---|---|---|
| | pay debts | |
| 20 | Income projection | Income projections for the coming fiscal year. |
| **X** | **Principles of Sharia Financing Assessment** | **Operational definition** |
| 1 | Credit term | Credit term requested by prospective debtors. |
| 2 | Age of prospective debtor | Information on the age of prospective borrowers who apply for financing. |
| 3 | Dependence on third parties | Information on the level of company dependence on other parties. |
| 4 | Number of competitors | The number of competitors is similar in business. |
| 5 | Cultural condition | Socio-cultural conditions of the local community. |
| 6 | Purpose of financing facilities | The purpose of financing facilities to be provided to prospective borrowers in accordance with sharia principles. |
| 7 | The completeness of document | Documents submitted by prospective borrowers are very complete. |
| 8 | Openness | Debtor candidates openly provide information needed during the interview. |
| 9 | Experience in business | Debtor candidates are very experienced in their business fields. |
| 10 | Experience managing similar businesses | Experience of prospective borrowers in similar businesses. |
| 11 | Company history | Brief company information history. |
| 12 | Length of operation | The prospective debtor company has been operating for a long time and has proven the viability of its business. |
| 13 | Types of financing facilities | Information on the types of financing facilities offered to prospective borrowers. |
| 14 | Honesty | The honesty of prospective borrowers during interviews. |
| 15 | Plan for use of financing | Information regarding planned use of financing. |
| 16 | Management idealism in achieving goals | Company management has high idealism to achieve company goals. |
| 17 | Management capability | Management ability/decision maker individually is very influential. |
| 18 | The reputation of a prospective debtor company | Information about the reputation of the prospective debtor company. |
| 19 | Binding of guarantees | Binding of guarantees is done legally. |
| 20 | Estimation of main product market share | Information about the estimated market share of the company's main products. |
| 21 | Binding value | The binding value is very high from the realization |
| 22 | Binding types | The type of guarantee of prospective borrowers is very convincing. |
| 23 | Form of legal entity | Information about form of legal entity |
| 24 | Economic sector policy | Government policies in the economic sector are very supportive. |
| 25 | Trade Checking | Information obtained from third parties regarding the business conditions of prospective borrowers. |
| 26 | The relationship between prospective borrowers and other banks | Information regarding the relationship between prospective borrowers and several other banks. |
| 27 | Long time being a customer | Debtors candidate have long been bank customers. |

Source :Rachmiyantono (2002).

**3.5 Descriptive Statistics**

Descriptive statistics are used to describe the variables in the study. Descriptive statistics provide an overview of data that is seen from the average value, standard deviation, minimum value and the maximum value of the variables studied.

**3.6 Hypothesis Testing**

Hypothesis Testingof this study used multiple linear regression analysis, by looking at the value of the t-test and p-value and the Independent Sample T-test to test the differences between accounting and non-accounting information in influencing financing decision making.

## 4. ANALYSIS AND DISCUSSION

### 4.1 Descriptive Statistics

In table 3, it is presented a description of the variable based on the respondent's answer to the construct indicators used in hypothesis testing consisting of 47 research indicators.

**Table 3**
**Descriptive Statistics**

| Variable | Theoretical | | The facts | | | |
|---|---|---|---|---|---|---|
| | Range | Average | Range | Average | Average Question | SD |
| Accounting Information | 20-100 | 60 | 67-92 | 82,26 | 4,11 | 6,434 |
| The Principles of Sharia FinancingAssessment | 27-135 | 81 | 100-124 | 113,97 | 4,22 | 5,805 |
| Financing Decision Making | 2-2 | 2 | 0,83-0,98 | 0,93 | 0,46 | 0,04 |

Source :Primary data processed (2018).

Based on the descriptive statistics table above, it shows that the accounting information variable has an empirical average of 82.26 which is above its theoretical average of 60. Furthermore, the principle of Islamic financing assessment has an empirical average of 113.97, which is above the theoretical average 81. This indicates that the respondents' assessment of accounting information and the principle of Islamic financing assessment in financing decision making is high.

### 4.2 Hypothesis Testing

**Table 8**
**R Square Test Result**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .972[a] | .944 | .940 | .00824 |

a. Predictors: (Constant), NAI, AI

b. Dependent Variable: FD

Source:Primary data processed, 2018.

**Table 9**
**Linear Regression Test**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 34.555 | 2.956 | | 11.688 | .000 |
| | AI | .344 | .028 | .657 | 12.447 | .000 |
| | NAI | .257 | .031 | .443 | 8.398 | .001 |

a. Dependent Variable: FD

Source: Primary data processed, 2018.

This study uses multiple linear regression test to test the hypothesis, which measures accounting information and the principle of Islamic financing assessment as an independent variable on financing decision making as the dependent variable. Based on the R-square test results shown in Table 8, it can be seen that the Adjusted R-square value is 0.940. Where these results illustrate that financing decision variables can be explained by 94% independent variables, while the remaining 6% is explained by other factors which is not examined in this study.

Furthermore, based on the regression results shown in Table 9, it illustrates that accounting information and Islamic financing assessment principles affect the financing decisions made by credit analysts. This can be seen from the significance value of each variable of 0.000 and 0.001, which is below the probability of 0.05. Thus hypothesis 1 and hypothesis 2 in this study were accepted.

### 4.3 The Effect of Accounting Information on Financing Decisions

Hypothesis 1 in this study is to assess the effect of accounting information on financing decision making by credit analysts. The result of t AI value is 12,447 with a significance of 0,000 <0,05, which means accounting information has a positive effect on financing decisions by credit analysts. Accounting information reflects the financial condition of the debtor's business, so that the debtor is able or not to return the proposed financing. If the credit analyst receives complete accounting information from prospective borrowers, the credit analyst will easily take financing decisions submitted by prospective borrowers. Therefore, accounting information is very necessary for a credit analyst in determining the financing decisions of prospective borrowers. The results in this study are consistent with the results of research conducted by Mintarti and Zaki (1994) and Karamina (2012), which states that accounting information affects credit analysts in making credit decisions.

### 4.4 The Influence of the Principles of Sharia Financing Assessment on Financing Decisions

Hypothesis 2 in this study is to assess the effect of Islamic financing assessment principles on financing decisions by credit analysts. The principle of Islamic financing assessment in this study goes into non-accounting information (NAI / Non-Accounting Information). The results of the NAI t value were 8.3398 with a significance value of 0.001 <0.05, which means that the principle of Islamic financing assessment has a positive effect on financing decisions by credit analysts. The principle of Islamic financing assessment, which in this case is included in the non-accounting information, is also needed by credit analysts in making financing decisions. Before the credit analyst approves the financing proposed by the debtor, the credit analyst must assess the non-financial aspects, which is seen from the character of the debtor and the purpose of the debtor to propose financing that must be in accordance with sharia principles. Accordingly, the determination of financing decisions of debtor candidates by credit analysts is influenced by non-accounting information. If the credit analyst is able to get information about the principle of Islamic financing assessment (5C + 1S) from a prospective debtor in full, then the credit analyst will easily take financing decisions submitted by prospective borrowers. The results of this study are in accordance with the research conducted by Gulo (2005), which states that non-accounting information affects credit analysts in providing credit decisions submitted by debtors.

**4.5 The Differences of Accounting Information and Principles for Sharia Financing Assessment**

**Table 9**
**Independent Sample T-test**

| | Levene's Test for Equality of Variances | | t-test for Equality of Means | | |
|---|---|---|---|---|---|
| | F | Sig. | t | df | Sig. (2-tailed) |
| The value of Equal variances assumed | .373 | .546 | 1.172 | 29 | .251 |
| Equal variances not assumed | | | 1.250 | 27.956 | .222 |

Source :Primary data processed (2018).

Hypothesis 3 in this study is to assess differences in accounting information and Islamic financing assessment principles toward financing decision making by credit analysts. Based on the Independent Sample T-test table above, it shows that the significance value generated is 0.251> 0.05, so it can be concluded that there is no difference between accounting information and Islamic financing assessment principles used by credit analysts in giving financing decisions for prospective borrowers. This is because both accounting information and the principle of Islamic financing are needed by credit analysts in approving the financing proposed by the debtor. Credit analysts must ensure that prospective borrowers have good financial conditions in order to be able to pay their obligations, which is reflected in the financial statements of prospective borrowers. In addition, other information outside of financial factors, such as character, the purpose of financing proposals, the ability of the debtor to run a business, is also needed by credit analysts in making decisions on the proposed debtor's financing.

## 5. CONCLUSION

This study examines the influence of accounting information and Islamic financing assessment principles on financing decisions by credit analysts of *PT. BankBRI Syariah*Semarang, Pati, Kudus, and Jepara. The results of this study state that accounting information and Islamic financing assessment principles affect the financing decisions made by credit analysts. Furthermore, in the implementation of different tests between accounting information and the principle of Islamic financing assessment in influencing financing decisions, it is rejected. In other words, there is no difference between accounting information and financing assessment principles in influencing credit analysts when making financing decisions. This is because accounting information and Islamic financing assessment principles, which in this case include non-accounting information, have a very important role for credit analysts in providing financing decisions for prospective borrowers.

### 5.1 Suggestion

Future research is expected to add to the object of research, namely all Sharia Banks in Indonesia, to be better in describing the influence of accounting information and the principles of Islamic financing assessment in the financing decision-making process by credit analysts.

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