Sharia Finance Industry: Role and Contribution in Indonesia's Economic Development Currently

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The existence of sharia banking is now an alternative for the development of the financial sector in several countries. The development of sharia banking industry is expected to provide an alternative development and complement the current banking. The research conducted to measure the role and contribution of sharia banking using the observation period 2010-2015, research design is quantitative research, using multiple regression analysis, unit root test, and *Granger Causality* Test. Based on the results of the study, 1. Using TF and TD on the panel data, showed no significant and insignificant effect between the banking sector and GDP. The inability of banking sector indicators to affect GDP in accordance with the independent hypothesis. 2. The results of a dynamic relationship study between the banking sector and GDP (*Granger Causality test*) both to TF as well as TD, show the growth led finance hypothesis. This suggests that economic growth (GDP) has an impact on increasing demand for the banking sector. Economic expansion will boost demand for banking sector products. 3. Continuity of the development of the sharia banking sector in Indonesia is currently very dependent on economic development, and not vice versa. Therefore, in order to make sustainability of sharia banking sector in the future, it is expected that the big role of this sector will be toward the economic development in Indonesia by optimizing the role and contribution of sharia banking which is still limited.

Keywords: economic growth, inflation, exports, total financing, third party funds

1.1. Introduction

The phenomenon of the development of sharia banking industry in almost many countries in the world is a condition that has been anticipated by many countries to do so. The existence of sharia banking industry that has been awaited for quite a long time by many countries, increasingly provide fresh air to grow and develop the industry. The development of sharia banking industry in Indonesia, providing an alternative banking services and complement the existing banking today.

The contribution of the banking sector in the Indonesian economy, from time to time continues to increase. This increase in contribution shows that the role of the banking sector in development as a mediation institution between those who are over-funded and in need of funds is very important. The institutional development of sharia in Indonesia during the period 2009 to 2014 shows a fairly good development. Bank Syariah Bank (BUS) from 6 BUS in 2009 to 12 BUS in 2014. As for Sharia Business Unit (UUS) from 25 units in 2009 to 22 units in 2014 (decreased), and for BPRS from a number of 139 BPRS 2009 to 163 BPRS in 2014. The growth of Sharia Commercial Banks and Syariah Business Units in Indonesia for some time since the enactment of the law has shown considerable developments in terms of assets, financing, third party funds, FDR and NPF.

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In terms of assets and financing, and third party funds, DKI Jakarta Province occupies a prime position, after which West Java and East Java Province. As for regions with BUS and UUS, in terms of asset areas with the smallest asset is the province of West Sulawesi, for the smallest financing of Maluku Province, and from the side of the smallest third party funds is East Nusa Tenggara Province. The existence of BUS and UUS in Indonesia grows as the society paradigm changes in terms of financial institutions. Indonesia with a predominantly Muslim majority occupation, contributed little to the growth and development of BUS and UUS in Indonesia even more so with the existence of Law no. 21 of 2008 which is a form of legality support for the existence of these institutions. However, in its journey, the development of BUS and Uus in Indonesia has not been able to fulfill the wishes of the people and the government in giving contribution to development. From the various problems that exist, the focus of this study problem is:

1. The extent to which the role and contribution of the sharia banking industry in Indonesia;
2. Is there a dynamic relationship between economic growth with the ability of sharia banking from the financial side
3. The extent to which the sharia banking industry is continuing to develop Indonesia's economic development.

2. Theoretical Framework

Syaria Bank is a banking system that conducts its business activities and other services in payment traffic that are ideally suited to the principles of sharia. According to Law number 21 Year 2008, Bank Syariah is a bank that runs its business activities based on sharia principles. By type consists of Sharia (BUS), Sharia (Islamic) Financing Bank (BPRS), and Sharia (Islamic) Business Unit. Sutan Remy S: 2014 states, Syaria Bank as a bank that fully conducts its business activities based on sharia principles and Conventional Bank conducting business based on sharia principles through its Sharia Business Unit (UUS) owned, shall not conduct business activities that violate sharia principles. Meanwhile, based on Act number 10 of 1998, Syaria Bank is a bank that carries out its activities with the rules of agreement based on Islamic law, between banks and other parties for the storage of funds and payment of business activities, or other activities which are stated in accordance with Islamic sharia principles.

2.1. Theory of Financial Sector Relations and Economic Growth

The financial sector and economic growth have been the object of research in various economic literature development and finance. This has been at least advanced since the 19th century according to Schumpeter (1912) which addresses the urgency of the banking system and the growth of national income levels in economic development through the identification and financing of the productive investment sector. The theory of economic growth in its development has been widely used as a literature in the study of the field of economic development, macroeconomics and other fields of study related to it. Like the theory introduced according to Rostow, Harrod (1939), Domar (1946), Lewis (1954) and Solow (1960) in (Yotopoulus et all., 1997), but only a few of those theories focus on the role of the financial sector in fostering economic growth. The opinion / theory as stated Harrod (1939) and Domar (1946) in (Yotopoulus et all., 1997) have argued that to increase the growth rate requires a new investment increase, so the national saving ratio and national income determine the rate of economic growth. Meanwhile, according to Solow (1956) in neoclassical thinking states that his theory of growth from the development of Harrord-Domar growth theory by adding labor factor and introducing the third independent variable of technology in the equation of growth theory.

So much research has sought to assess empirically by exploring more specific factors to explain the causal relationship between the financial sector and economic growth. There are four possible approaches that can explain the causal relationship between financial sector and growth experienced by a country, namely: 1) The financial sector is a determinant of a country's economic growth (finance-ledgrowth hypothesis) or so-called "supply-leading view" 2) The financial sector follows the economic growth (growth-led finance hypothesis), or so-called "demand-followingview", 3) There is a mutual relationship between the financial sector and economic growth or so-called "the bidirectional causality view", and 4) And economic growth are not interconnected or commonly called "the independent hypothesis."

Referring from the first hypothesis is "the finance-led growth hypothesis" or "supply-leading view". Basically this theory considers that the financial sector is driving economic growth. This theory seeks a connection between finance and economic development. The adherents of this theory believe that the existence of the financial sector acting as an intermediary institution between the surplus unit and the deficit unit will provide an efficient allocation of funding sources that will move the economic sectors in The process of growth. The results of empirical research conducted according to Xu (2000), (Arestis et all., 1996) and (Phase and Abma, 2003) indicate that the expansion of the financial system has a positive relationship to economic growth. Horrison et all., (1999) and (Blackburn & Hung, 1998) argue that the intermediation function of financial sector institutions will promote economic growth as this will reduce costs in project appraisal. If the number of projects increases in a growing economy then the bank will enter into the market as a form of bank activity and profits will increase. An increase in the number of banks will reduce the average distance between banks and debtors, encourage specialization and reduce intermiediation costs. King and Levini (1993) is one that has proved that the growth of the financial sector is a prerequisite for achieving economic growth which acts as an intermediary institution between a surplus-unit and a deficit-unit will provide an efficient allocation of funding sources that will move the economic sectors into the growth process. The results of empirical research according to Xu (2000), (Arestis et all., 1996) and (Phase & Abma, 2003) indicate that the expansion of the financial system has a positive relationship to economic growth. Horrison et all, (1999) and (Blackburn at all., 1998) argue that the intermediation function of financial sector institutions will promote economic growth as this will reduce costs in project appraisal. If the number of projects increases in a growing economy then the bank will enter into the market as a form of bank activity and profits will increase. An increase in the number of banks will reduce the average distance between banks and debtors, encourage specialization and reduce intermiediation costs. King and Levini (1993) is one that has proved that the growth of the financial sector is a prerequisite for achieving economic growth.

Some other researchers have many doubts about this hypothesis (financial-ledgrowth). Demetriades and Hussein (1996) using annual data from 1965 to 1992 found among the Asian countries studied, only Sri Lanka proved the financial-led growth hypothesis. Studies in Turkey in the period 1986.Q1 to 2006.Q4, (Acaravei et all., 2007) found only a one-way relationship from the financial sector to economic growth, but statistically in the long term the relationship between the financial sector and economic growth was not significant.

Encouraged for the second hypothesis is "the growth-led finance hypothesis" or "the demand-following view". This view was developed according to Robinson (1952) in Ali Rama (2013), the core of which is the development of the financial sector following economic growth or entrepreneurial activity (enterprise) encouraging the growth of the financial sector. If the economic sector expands then demand for banking products and services will also increase, so that by itself the banking sector will also increase. Empirical research that supports this hypothesis has been widely practiced. Habibullah (1999) in his research in seven Asian countries found Malaysia, Nyamar and Nepal supported the "growthled finance" hypothesis and only the Philippines supported the "finance-led growth" hypothesis.

Under the third hypothesis is "the bidirectional causality view". This flow of economic thought illustrates a two-way relationship or mutual influence between the development of the financial sector and economic growth. This hypothesis states that a country with good financial sector developments will encourage high levels of economic expansion through technological advances and product and service innovation (Schumpeter, 1912) in (Yotopoulus et all., 1997). This condition will then create a high level of demand for the product And banking services (Levine, 1997). If the banking sector responds effectively to such demand, then the response will stimulate higher economic performance. The financial sector and economic growth are each related positively and this relationship takes place in two directions (Choong et all., 2003). Empirical research that supports this hypothesis has also been widely practiced. Research according to Odedokun (1992) and (Luintel & Khan, 1999) found a two-way relationship between the financial sector and growth. The financial sector and economic developments affect each other, the growth of the financial sector caused the economy to grow and economic growth pushed the financial sector to develop forward. Demetriades and Husaen (1996) in his study of Asian countries not only proved the hypothesis of "the finance-lead growth" and the "growth-led finance" hypothesis among Asian countries, but also found interrelations, Between the financial sector and economic growth in India, South Korea and Thailand. This two-way relationship also occurs in Indonesia in research according to Habibullah (1999).

Using the annual data from 1970 to 2001 in Turkey, as mentioned by Unalmis (2002) found that in the long run using the VECM approach to the value of integrated coefficients indicates that there is a mutual relationship between financial and economic growth (Ali Rama, 2013).

The fourth hypothesis is "the independent hypothesis" or there is no interplay between financial and economic growth. This hypothesis was according to Lucas (1988) who argues that the financial sector and economic growth have no mutually influencing relationships. Guryay et all., (2007) examined the relationship between the financial sector and economic growth for Cyprus from the period 1986 to 2004. The results show that the economic sector has no influence on economic growth in Cyprus. Al-Zubi et all., (2006) using a model developed by Levine (1997) using panel data on 11 Arab countries from the period 1980 to 2001. The results show that all financial variables are insignificant and have no effect on economic growth. The developed model shows that only domestic credit indicators are significant and have a positive effect on economic growth, proving that the dominance of the public sector in economic activity and the financial sector is still undeveloped and needs efforts to develop its function effectively in countries Arab. Meanwhile, research according to Galindo and Micco (2004) using cross country data shows that state-owned banks do not encourage the growth of manufacturing industries that rely solely on external sources of financing for their operations.

Meanwhile, in the Islamic finance system, empirical research has so far been done to analyze the efficiency, superiority and stability of Islamic banks compared to conventional banks to achieve the target of monetary intermediation function which is focused on achieving sustainable economic growth, decreasing inflation and unemployment. The results show that the interest-free banking system is superior in achieving monetary targets (Darrat, 1988). Meanwhile, Yousefi et all., (1997) and (Yusuf & Wilson, 2005) found that there is no empirical evidence demonstrating the superiority and stability of the non-usury bank system compared to the interest-based banking system. According to Hafas (2007) in his research on the contribution of Islamic banking to the Malaysian economy found a significant relationship between economic growth and third party funds collected by Islamic banks. An empirical study that discusses specifically the relationship of the Islamic finance sector to economic growth is still very limited.

In the Indonesian context, empirical research on financial sector relations and Indonesia's economic growth has been largely undertaken. As stated by Hidayati (2009) who investigates the causal relationship between the financial sector with the economic growth of Indonesia. Using the banking and capital markets sectors as the financial sector representatives, Hayati uses impulse response function and variance decomposition and found that changes in the banking sector play a larger role in explaining changes in economic growth compared to changes in the capital market. While the Granger causality results indicate the existence of bi-directional causality between economic growth and the development of bank credit volume, as well as one-way causality between the development of stock market capitalization and economic growth. As mentioned by Inggrid (2006) in his research using the Vector Error Correction Model (VECM) tends to support the hypothesis that the financial system can become the growth engine in Indonesia (the finance-led growth). Based on the Granger causality test, there is a bidirectional causality between real output and loan volume and one-way causality from spread to real output. However, in the contest analysis of the contribution of sharia banking to the economic growth of Indonesia is still very minimal even may not even exist, probably due to data limitations.

3. Research Method

3.1. Model Analysis

The study was conducted to see the role and contribution of sharia banking to the Indonesian economy, using the observation period 2000 - 2014, and the data used is time-series data. The research design used in this research is Causal Comparative research (Kuncoro, 2003) is to see the causality (causality) The variable used is total financing (Total Financing) and total third party funds (Total Deposit) of sharia banking as a representation of the financial sector Syariah banking. Gross Domestic Product (GDP) as the represenatsi of economic growth. Another additional variable is the Cunsumer Price Index (CPI) as the inflation rate and OE (openess of economy) as the ratio of total imports and exports to nominal GDP as a representation of the level of economic openness.

The variables we use in this study are total Gross Domestic Product (GDP), total financing (TF), total deposit fund (TD), Cunsumer Price Index (INF) and Openess of Economy (OE). In this study we used two models to assess the contribution of the sharia banking sector to economic growth, namely:

$$GDP_t = \beta 1 + \beta 2 TF_t + \beta 3 INF_t + \beta 4 OE_t + \varepsilon_t \qquad\qquad (1)$$

$$GDP_t = \alpha1 + \alpha2TD_t + \alpha3INF_t + \alpha4OE_t + \mu_t \tag{2}$$

The use of multiple regression analysis model requires a classical assumption test consisting of: normality test, multicollinearity, heteroscedasticity, and autocorrelation.

3.2. Unit Root Test.

The estimation of the time series econometric model will yield a meaningless conclusion when the data used contains the root of the unit (not stationary). The nonstationary series will produce a spurious regression model, a condition in which the regression results show high deethermination coefficient values, R2 and statistical significance, but theoretically have no significant relationship. Time series is said to be stationary if the average variance and covariance are constant over a period of time. To view the time series variable time series of Phillips-Perron test (PP test) introduced by Phillips Perron (1988). The PP test is different from the ADF test. PP tests focus on serial correlation and heteroskedasticity on error term. Model PP tests are:

$$\Delta Zt = \alpha + \theta t + \lambda t - 1 + \mu t \tag{3}$$

3.3. Granger Causality Test

The causality test between financial sector development and economic growth based on Granger causality. Causality between two time series X1t and X2t on p order VAR:

$$\Delta Y1t = \mu1 + \gamma1l\ (L)\ \Delta1t\text{-}1 + \gamma12\ (L)\ \Delta X2t\text{-}1 + \_1\ (\beta'\ Xt\text{-}1) + \mathcal{E}1t \tag{4}$$
$$\Delta Y2t = \mu2 + \gamma2l\ (L)\ \Delta1t\text{-}1 + \gamma22\ (L)\ \Delta X2t\text{-}1 + \_2\ (\beta'\ Xt\text{-}1) + \mathcal{E}2t \tag{5}$$

### 4. Data Analysis and Discussion

The development of sharia banking in a country can not be separated from the economic development of the country concerned, as well as with Indonesia. Indonesia with the largest Muslim population in the world and with a considerable number of syariah banks among other ASEAN countries, must be one of the economic sectors that are expected to contribute to the Indonesian economy. The last few years the development of Indonesia's macroeconomic indicators such as inflation over the period 2010 to 2015 averaged 5.856 percent with the highest inflation in 2013 and the lowest by 2015. With gross domestic product prices prevailing during the 2010-2014 period averaging by Rp. 9091170667, - (million), while the economic openness with proxy ratio of tail and import to GDP during the same period averaged 0.476 highs in 2011 and the lowest in 2015. The low level of economic openness in 2015 as the impact of weakening export demand Commodities Indonesia. The development of macroeconomic indicators Indonesia during the period 2010 - 2015 can be seen on the graph 4.1. below this.

**Graph 4.1. Indonesia Macro Indicators Progress 2010 – 2015**
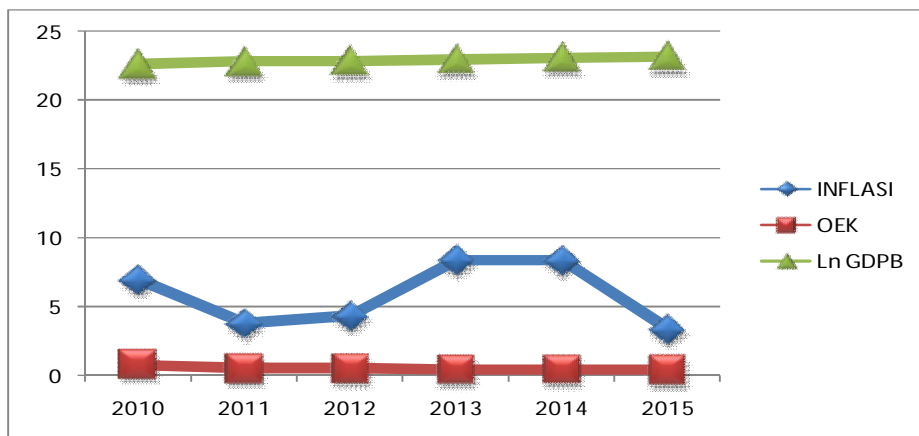
Syaria banking as one of the economic sector in Indonesia, during the period 2010 - 2015 experienced a significant development both in terms of total financing, assets and third party funds. Of the 10 Islamic banks used in this study, in terms of total financing BCA sharia occupy the first position of 88.09% of all financing made by Islamic banks in Indonesia, BSM by 7.25%, Muamalat 2.01%, Maybank, BRI, and BNI with a percentage of 1%, while for other syariah banks with a very small percentage. Percentage distribution of total Islamic banking financing in Indonesia during the period 2010 - 2015 can be in lijat on graph 4.2. below this.

Graph 4.2. Total Sharia Banking Financing 2010-2015
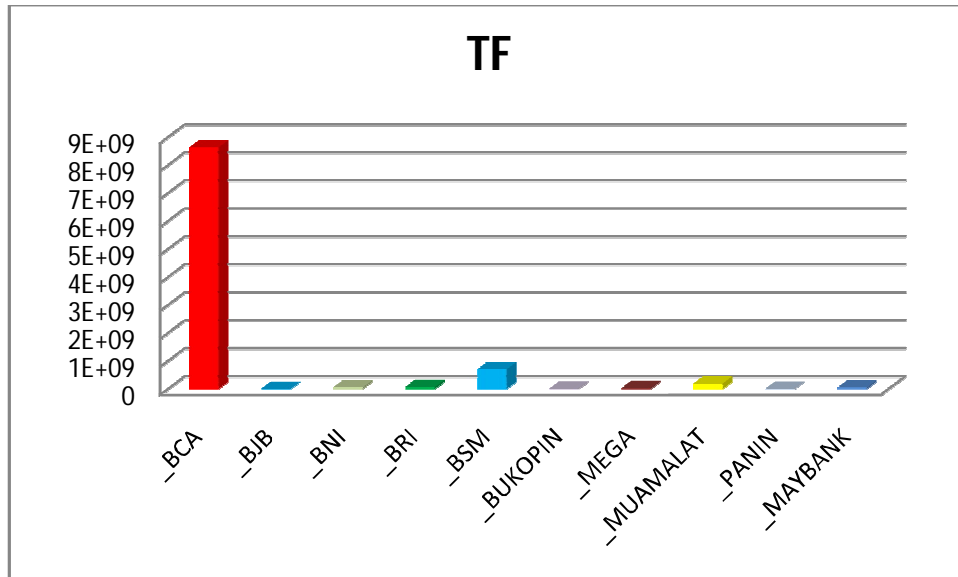
Meanwhile, the total development of shariah banking third party funds dominated by BCA sharia by 84.67%, BSM 6.84 %, Maybank 4.59%, Muamalat 1.92%, while other sharia banks in very small quantities. The total percentage distribution of sharia banking third party funds can be seen in graph 4.3. below this.

Graph 4.3. Total Deposits of Islamic Banking 2010 – 2015
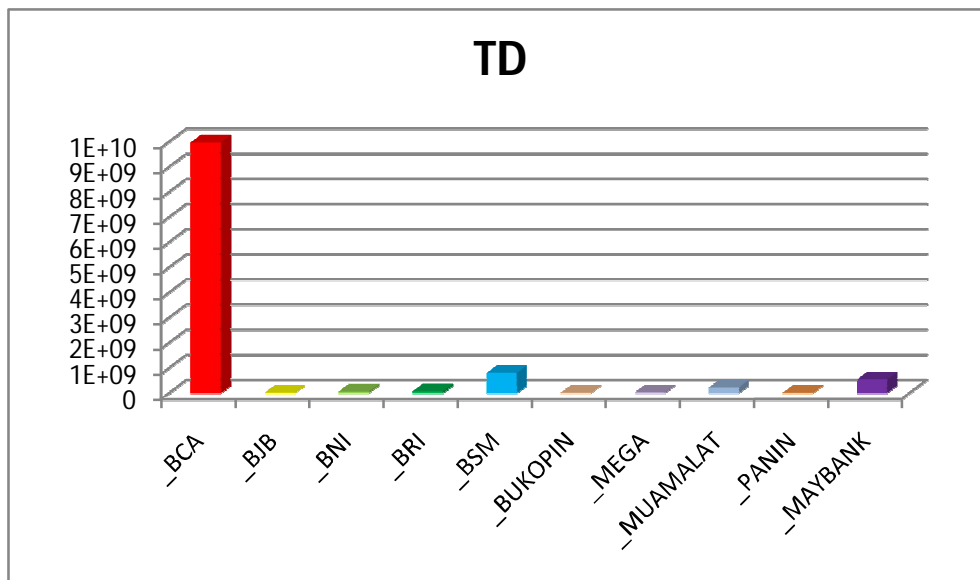
4.1. Result Analysis of Regression Equation

Based on the above calculation, there are 4 sharia banks with negative constants, namely: BCA Syariah, BSM, Muamalat and Maybank. The consequence of negative constants indicates that the four banks will have negative values if other variables do not exist, meaning that sharia banks do not contribute to the formation of Indonesia's GDP during the research period. Meanwhile, other sharia banks are contributing to GDP even in very small value.

The first equation, the syaria bank financing equation of 3 independent variables used in this study financing rate, inflation and economic openness, it turns out that only the variables of economic openness (ratio of exports and imports to GDP) have a positive effect on GDP. This means that these variables have a positive impact on the formation of GDP Indonesia, while the total financing variables have no effect on GDP. This is possible because the financing made by sharia banks during the observation period has not had a significant impact on GDP, this condition is also proven by the low contribution of the sharia banking sector to the formation of GDP Indonesia which is still within the range of 5%, even the financing made a negative impact To GDP, a theoretical contradiction, this can happen if financing is only done for a particular sector and has not had a positive impact on the economy at large. As for the inflation variable also does not affect the GDP, this situation can occur because inflation in that period has no impact on the real sector (increasing demand) but more due to the increase in production costs that result in reduced output in the economy. Based on calculations performed with the first equation (total financing) and using panel data of 10 syariah banks during the period 2010-2015, indicating that there is no influence between the banking sector and GDP. This indicates that between the banking sector and GDP in accordance with the independent hypothesis proposed as mentioned by Lucas (1988) and also by Guryay at all (2007) and Al Zubi at all (2006), that all indicators of the banking sector have no effect and not significant To GDP.

Based on the above calculation, there are 4 sharia banks with negative constants, namely: BCA Syariah, BSM, Muamalat and Maybank. The consequence of negative constants indicates that the four banks will have negative values if other variables do not exist, meaning that sharia banks do not contribute to the formation of Indonesia's GDP during the research period. Meanwhile, other sharia banks are contributing to GDP even in very small value. Meanwhile, for the second equation, the equity of sharia bank third party funds from 3 independent variables used in this study third party funds, inflation and economic openness, only the variables of economic openness that positively affect the GDP.

The third party funding variable has no effect on GDP, it shows that the amount of financing that has been done by sharia banking has no effect on the formation of GDP, even if seen from coefficient value shows negative impact to GDP. This means that third party funds collected by sharia banks have not been channeled productively to the public, and deposited third party funds tend to be burdensome to the relevant banks especially in relation to fund disbursements. The burden of third party funds borne by sharia banks will become a burden for the banks concerned so that they will not play a role in the formation of GDP. Similarly, calculations performed with the second equation (third party funds) and using panel data of 10 sharia banks during the period 2010-2015, indicate that there is no influence between the banking sector and GDP. This indicates that between the banking sector and GDP in accordance with the independent hypothesis proposed as mentioned by Lucas (1988) and also by Guryay at all (2007) and Al Zubi at all (2006), that all indicators of the banking sector have no effect and not significant To GDP.

4.2. Test Results Stationary With Phillips Person

Stationary data test aims to see whether the data used in the study is stationary data. Various kinds of stationary testing, ADF test, Phillips Person (PP), are some of the methods that can be done. In this study testing stationary data using the PP method. Based on the test that has been done, it appears that the value of PP (Zt) of the variables used in this study all the value of PP (Zt) independent variables greater than the value of PP at critical value 5%. This indicates that all variables used have stationary data and can be used in this study. From the results of stationary tests conducted got the results as shown in Table 4.2. Below this.

Table 4.1. Data Stationary Test with Phillips Perron

VARIABEL	NILAI PP(Zt)	PP (critical value 5%)	Probabilitas
Ln_GDPB	-10.88178	-2.911730	0.0000
INFLASI	-31.71229	-2.911730	0.0001
Ln_TD	-3.188017	-2.911730	0.0257
Ln_TF	-3.406754	-2.911730	0.0146
OEB	-10.36448	-2.911730	0.0000

Source: the results of data processing

4.3. Granger Causality Test

Granger Causality Test used in this study is another dynamic interaction process that has the characteristics of reciprocal relationship between sharia banking sector to economic growth and conversely economic growth to sharia banking sector, can be seen from Granger Causality test result in Table 4.2. Below this.

Table 4. 2. Granger Case Tests

FINANCIAL INDICATOR	FINANCIAL LED GROWTH	PROBABILITY	GROWTH LED FINANCIAL	PROBABILITY
TF	0.07921	0.9240	3.86122	0.0272
TD	0.12343	0.8841	2.66431	0.0775

Source: the results of data processing

Based on the results of the Granger Causality test above, for the first equation (financial indicator for financing), it shows that the second hypothesis of thegrowth led finance hypothesis or the demand following view as stated by Robinson (1952) is evident in this study. This suggests that the financial sector is following the economic development experienced by a country or economic activity driving the growth of the financial sector. The economic sector of an expanding country will have an impact on the increase in demand for goods and services from the banking sector, so this will have an impact on the improvement of the banking sector. This study is in line with the research that has been done by Habibullah (1999).

While Granger Causality test results for the second equation (financial indicator for third party funds), also shows the same thing that answer the second hypothesis that the growth led finance hypothesis or the demand following view as stated by Robinson (1952) proved in this study. This suggests that the financial sector is following the economic development experienced by a country or economic activity driving the growth of the financial sector. The economic sector of an expanding country will have an impact on the increase in demand for goods and services from the banking sector, so this will have an impact on the improvement of the banking sector. This study is in line with the research according to Habibullah (1999). This means that the sharia banking sector is still highly dependent on developments in Indonesia along with the increase in GDP. Indonesia's GDP, which has an impact on the development of the sharia banking sector, shows that in this study, Indonesia's sharia banking sector is still very low in its contribution to Indonesia's GDP, therefore the development of the sharia banking sector should be further enhanced in the future. Financing of the sharia banking sector that has been done so far in economic activity is still very small and this is what causes the role of sharia banking to the formation of GDP Indonesia is still very low.

5. Conclusion, Implication, Suggestion, an Limitations

The study conducted on Indonesian syariah banking using the object of 10 sharia banks and observation time since 2010 - 2015, and 2 equation model, can be concluded as follows:

1. Based on the results of the study, using the first equation (total financing) and the second equation (third party funds) on the panel data, showed no significant and insignificant effect between the banking sector and GDP. The inability of banking sector indicators to affect GDP in accordance with the independent hypothesis.

2. The results of a dynamic relationship study between the banking sector and GDP (Granger Causality test) both to the first equation (total financing) as well as the second equation (third party funds), show the growth led finance hypothesis. This suggests that economic growth (GDP) has an impact on increasing demand for the banking sector. Economic expansion will boost demand for banking sector products.

3. Continuity of the development of the sharia banking sector in Indonesia is currently very dependent on economic development, and not vice versa. Therefore, in order to make sustainability of sharia banking sector in the future, it is expected that the big role of this sector will be toward the economic development in Indonesia by optimizing the role and contribution of sharia banking which is still limited.

The implication of this research, the contribution of sharia banking in Indonesia does not show a big influence on the economy. The low contribution of sharia banks to the economy can occur due to the lack of syariah banking utilization by the community, whereas the development of sharia banking in Indonesia is spurred by the growth of Indonesian economy, and this is different with that in other countries.

Research suggestions Sharia banking is expected to increase its role and contribution to Indonesia's economic growth, and enhance its role as an intermediary institution in financing and accumulating third party funds that can be used by other economic sectors. Public participation in utilizing sharia banking as an intermediary institution to support economic activities is further improved in the future. There are some limitations in this research, firstly, the equation of multiple regression model in this study only look at the relationship between inflation, GDP, third party funds, total financing, openness. Second, test the data stationarity by using Philips Perron test to see how far the stationarity of data used. Third, the causality test with Granger aims to answer the proposed hypothesis, using the data used it turns out the resulting conclusions are not able to answer the first hypothesis but only able to answer the second hypothesis of economic growth that encourages the development of the financial sector, especially in the sharia banking industry in Indonesia.

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