

THE IMPACT OF THE PRICE OF GOLD ON THE PROFITABILITY OF THE INDONESIAN SHARIA BANK AND ITS IMPACT ON THE ECONOMIC WELL-BEING OF THE PEOPLE

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Article History

Received:

15-11-2023

Revised:

08-12-2023

Accepted:

16-12-2023

Available online:

30-12-2023

ABSTRACT

The impact of gold prices on the profitability of Bank Syariah Indonesia (BSI) and its implications for social and economic problems in society is the main focus of this research. Using monthly gold price data from 2019 to 2023 and BSI financial reports for the same period. This research aims to examine the impact of gold prices on the profitability of Bank Syariah Indonesia (BSI), and its implications for social and economic problems in society. This research applies quantitative methods through simple linear regression analysis using SPSS Version 23. The results of the analysis show that the price of gold has a significant influence on BSI's profitability, measured through Return on Assets (ROA), with a calculated T value of 13.526 which exceeds the T table of 1.67 and a significance value of 0.000 which is less than 0.005, and a coefficient of determination of 75.9%. These findings highlight how important effective risk management strategies are for BSI to deal with gold price volatility and its potential impact on social and economic instability. This research provides valuable insight into how gold price fluctuations can affect the economic welfare of society and the stability of the Islamic banking sector.

Keywords: Gold Prices, BSI's profitability, Return on Assets.

ABSTRAK

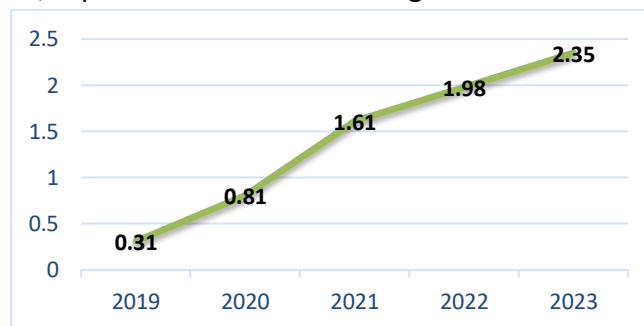
Dampak harga emas terhadap profitabilitas Bank Syariah Indonesia (BSI) dan implikasinya terhadap masalah sosial dan ekonomi masyarakat menjadi fokus utama dalam penelitian ini. Dengan menggunakan data harga emas bulanan dari tahun 2019 hingga 2023 dan laporan keuangan BSI dalam periode yang sama. Penelitian ini bertujuan untuk mengkaji dampak harga emas terhadap profitabilitas Bank Syariah Indonesia (BSI), dan implikasinya terhadap masalah sosial dan ekonomi masyarakat. Penelitian ini menerapkan metode kuantitatif melalui analisis regresi linier sederhana menggunakan SPSS Versi 23. Hasil analisis menunjukkan bahwa harga emas memiliki pengaruh signifikan terhadap profitabilitas BSI, diukur melalui Return on Assets (ROA), dengan nilai T hitung 13,526 yang melebihi T tabel 1,67 dan nilai signifikansi 0,000 yang kurang dari 0,005, serta koefisien determinasi sebesar 75,9%. Temuan ini menyoroti betapa pentingnya strategi manajemen risiko yang efektif untuk BSI guna menghadapi volatilitas harga emas dan dampak potensialnya terhadap ketidakstabilan sosial dan ekonomi. Penelitian ini memberikan wawasan berharga tentang bagaimana fluktuasi harga emas dapat mempengaruhi kesejahteraan ekonomi masyarakat dan stabilitas sektor perbankan syariah.

Kata kunci: Harga Emas, Profitabilitas BSI, Return on Assets.

A. INTRODUCTION

In recent years, the Indonesian banking sector has experienced massive expansion, including in the rapid development of Sharia banking. One of the sharia banks that is now highlighted is the Sharia Bank of Indonesia. (BSI). BSI's profitability, which is understood as the ability of banks to profits, is an important component in supporting such growth (Mughtar et al., 2021). This ability not only allows BSI to plan future profits but also plays a crucial role in the wider economy, as the bank's success in achieving profitability can affect the economic well-being of the people. (Suntoto, 2019).

The ability of a company to generate profits within a certain period of time is called profitability. This profitability is usually determined by comparing the actual results with the expected results (Andini, 2022). The results of the comparison are then used as the basis for the evaluation of the company's performance. The ability of an organization to generate profits depends on how efficient and efficient the organization is in using its assets and capabilities, including capital, sales activity, number of employees, and size of the fleet. One of the important financial indicators to measure the profitability of a company is the Operational Ratio (Ayuningtyas, 2019) .Increasing the profitability of companies, including Sharia Bank Indonesia, is substantially possible through improved efficiency and operational efficiency. According to (Hasnawati, 2021) an activity is said to be effective and efficient when it succeeds in achieving a set goal by minimizing costs without sacrificing the quality of work. The profitability of Sharia Bank Indonesia, influenced by various factors, including the price of gold, is presented in the following chart:



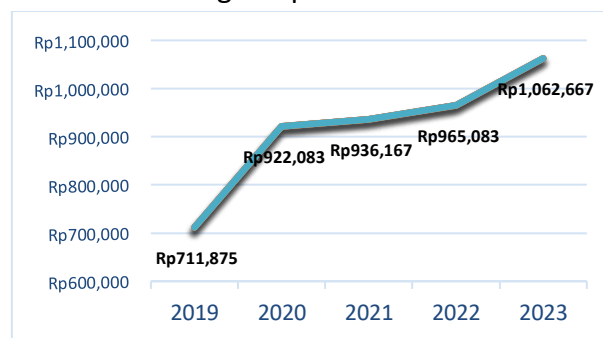
Source: BSI Financial Report 2019-2023

Figure 1. Profitability of Sharia Bank Indonesia

This graph shows the change in the profitability of Bank of Indonesia (BSI) from 2019 to 2023. In 2019, the BSI profitability was recorded at 0.31. The next year, 2020, there was a fairly significant increase with profitability reaching 0.81. This trend of rise continued into 2021, with the bsi profitability rising to 1.61. The year 2022 showed a further increase to 1.98 and in 2023, the bisi profitability peaked at 2.35. Overall, this graph shows a consistent growth trend in profitability over the last five years, with the largest increase occurring between 2019-2020 and 2021-2022, marking a stable and positive growth in BSI financial performance (Himma & Jaya, 2024).

Based on our approach to the products displayed at the Sharia Bank of Indonesia (BSI), gold mortgage is a product that adopts the concept of qard that eliminates the need for intermediaries, and a concept of bribery that involves the transfer of wealth from the seller to the buyer (21908-60793-2-PB.Pdf, n.d.). The profitability of a bank is closely correlated with the magnitude of the gap between income and burden. Although gold mortgages offer attractive returns, they also involve significant financial risks, especially if invested through sharia banks. The Bank of Indonesia (BSI) offers a product called a sharia bond, which is a real guarantee given by the borrower to the bank (Minarni et al., 2023). This guarantee guarantees the value of money and goods (called "emphasis") and is kept in custody (Mubarok et al., 2024). The principle behind this arrangement is that bonds take precedence over loans or any advance money given to borrowers. It's done with obedience and based on social values. Please help (Hadi, 2020)

Nevertheless, in determining the price of a product, the company needs to consider the amount of demand for the product. In many cases, there is a strong correlation between price and demand; as prices rise, demand tends to rise as well, and vice versa. Therefore, companies should carefully consider these aspects when setting a reasonable price, so that consumers can make the right purchase decisions (Romdona, 2023). Here is a chart of gold prices in Indonesia during the period 2019-2023:



Source: (Databoks, 2024)

Figure 2. Gold price

The chart shows the change in the price of gold in rupee from 2019 to 2023. In 2021, the price of gold continued to rise despite a slower pace, reaching Rs.936.167. In 2022, the gold price rose again to Rs.965.083. In 2023, the price reached Rs.1.062.667, marking the biggest rise in the last five years (Putri & Kushidayati, 2023). Overall, gold prices show an upward trend over this five-year period, with more significant increases seen in 2020 and 2023. It may reflect various economic factors, such as inflation, market demand, and global conditions that affect gold prices (Widarjono et al., 2022).

On the other hand, oil prices in Indonesia are currently experiencing a downward trend. This phenomenon occurs when the exchange rate of the dollar rises against other currencies, such as the rupee, which usually results in the price of oil in the US dollar currency falling. There are several variables that affect stock prices, such as: First, the existence of prices, where the appreciation of the dollar encourages investors to increase their investments in order to preserve their assets by selling dollars (Nawang Sari et al., 2022). Another factor is that global geopolitical conditions, like war, can cause instability in

the value of gold because of its nature of concentrated investment, thereby leading to increased demand and prices (Khilyatunnisa & Yuliana, 2023). Subsequently, in 1980, the company implemented strategic planning and investigation, including forward pricing practices, to maintain stable output prices at high rates during periods of falling oil prices (Ningtyas et al., 2024). At the same time, interest rates can also affect market prices, especially when interest rates are low because individuals are more likely to invest their money in flourishing deposits (Nugraha Pratama, Ahmad Albar Tanjung, 2024). Unlike Indonesia in 1998, when the rupee exchange rate against the U.S. dollar began to decline, the government took significant steps to reduce the amount of money circulating in order to prevent a weakening of (Syar, 2022) the currency exchange rates, which led to a significant shrinkage of the stock market).

The study mentions that the sudden rise in oil prices affects market valuation and the amount of investment received by customers, which is in line with the research carried out by (Masyhudi, 2019) that concludes that the stock price affects the profitability of PT XYZ. However, this finding differs from the research (al, 2023), which concluded that exchange rates have no influence on profitability (Zufriano, 2019).

This research has a value of novelty in some key aspects that have not been much discussed in previous research. First, this study specifically examines the impact of gold prices on the profitability of the Bank of Indonesia (BSI) in the context of gold mortgage products, as well as its impact on the economic well-being of the people (Muthia Anggraeni, 2022). Previously, many studies focused on the relationship between the price of gold and the stock market or other macroeconomic aspects (Alzahrani & Mbah, 2021), but few investigated the direct impact on the profitability of sharia banks, through gold mortgage products, and how these changes affect the wider well-being of the public (Syafuruddin, 2019).

In addition, the study introduces a deeper analytical approach by considering the price of gold over the past five years and how these changes affect BSI's profitability sustainably (Riski Pratama et al., 2023). This approach not only analyzes the direct impact on profitability, but also considers the long-term impact on the economies of people involved in gold mortgage products, which have not been much explored in previous literature (Nasution et al., 2019). The study also emphasizes the importance of analyzing the price of gold in a different sharia banking context than conventional banks, given the differences in the sharia principles underlying the bank's operations and products ((Ismail, 2020). It gives a new insight into how the price of commodities like gold can be an important indicator in a sharia bank's profitability strategy and its impact on public well-being (Nura et al., 2023).

The research also tries to fill the literature gap by linking the price of gold to customer interest in BSI gold mortgage products, which has not been highlighted much in previous research (Kassim, 2022). This research contributes not only to BSI's risk management and business strategy, but also to understanding how the price of gold affects

the economic well-being of the people participating in the Shariah banking system, thus providing wider practical and academic contributions (Khilyatunnisa & Yuliana, 2023).

LITERATURE REVIEW

Profitability

A profitability refers to the ability of a business to generate profits or losses over a certain period of time . Profitability is the measure of the ability of a business to generate profits from its entire activity. When a company's goal is to generate financial profits, analysts and investors give priority to profitability(Wulandari et al., 2020). An important measure of the future profitability of a company is its ability to maintain financial stability in its industry while generating profits that exceed its risk levels (Umam & Utomo, 2016).

Profitability can serve as a metric for evaluating a company's ability to generate profits. Analyze their business operations to improve profitability and productivity. This research challenges the company's capacity to generate profits from its regular business operations by leveraging profitability ratios (Marliyah et al., 2021)

Return on Asset (ROA) is the ratio of a company's net profits to its total assets. Increasing the return on assets results in a higher level of efficiency for the company, thereby increasing profitability byining the same level of effectiveness (Marliyah et al., 2021)

This ratio, or more accurately, measures the efficiency of a company in generating profits from the total value of its investment per unit(Nura et al., 2023).

The formula for finding Return on Assets (ROA) can be used as follows (Zufriano, 2019):

$$\text{Return on Assets (ROA)} = \frac{\text{Earning After Tax}}{\text{Total Asset}}$$

This research uses Return on Assets (ROA) as a measure of profitability of BSI Shariah Bank. The ROA indicator is very suitable for the banking industry because it specifically measures the ability of the company to generate income through its operations

Gold Price

Gold Price is the amount of money that a vendor receives from a product or service transaction at a company or place of business. The actual value agreed between the seller and the consumer is not always reflected in the price (Sholihin, 2013).

Gold is a precious metal so much sought by many people. This commodity has a strong correlation with inflation, which means that at a time of high inflation then the price of gold will also experience a considerable rise, and on the contrary, when the inflation is low then the gold price will experience a decline (Puspa et al., 2024). The price of gold in Indonesia, if measured in rupees, has a characteristic feature: it always shows an insignificant upward and downward trend. The phenomenon is due to an inverse relationship between the price of gold in United States dollars (USD) and the strength of the exchange rate of the United States dollar against the rupee (Maharani, 2020).

- a. High gold prices: When the value of the US dollar against the rupiah increases or decreases, the price of gold will rise significantly. In other words, an increase in the value of the US dollar relative to the rupiah will drive up gold prices.
- b. Falling gold prices: When the demand for gold increases, the price will decrease; similarly, when the demand for gold decreases, the price will also decrease. Furthermore, instead of holding their money in the form of gold, many people will spend it when interest rates rise and deposit it in high-yield accounts.
- c. Stable Gold Prices: When the exchange rate of the dollar and gold interest rates are within normal limits—neither excessively high nor low—gold prices will remain stable (Sihotang et al., 2021).

Gold Pawning

Rahn, a system based on gold collateral, introduces an alternative method for obtaining quick loans, known as gold pawning. The planning of gold pawning refers to the ability to engage in long-term planning without any interruptions or constraints, while simultaneously meeting the demands and deadlines associated with such planning. In addition to the interest charged by banks, beneficiaries are required to pay a service fee (ijarah) (Soemitra, 2010).

Islamic banking involves three types of contracts: qard, Rahn, and ijarah. Qardh is a loan or credit arrangement governed by complex Sharia Economic Law. It involves the Sharia Finance Committee lending money to borrowers, who are obligated to repay the full amount within a specified period (Ningtyas et al., 2024).

Rahn, as used in Islamic banking, serves as a mechanism to safeguard valuable customer assets by using them as collateral for bank loans (Umam & Utomo, 2016). Jalur Rahn berfungsi sebagai produk primer dan sekunder dalam industri perbankan. The Rahn line serves as both a primary and secondary product in the banking industry (Tafarannisa et al., 2021). Rahn is a benchmark in the financing of bai' almurabahah, where the bank uses the customer's assets as collateral. Conversely, Rahn is regarded as an independent product within the framework of most pawn companies (Heryanto & Ramadhoni, 2018).

Both conventional and Islamic pawning prohibit the use of goods for personal gain. Once the repayment period has concluded, the prerogative of the lender is to either sell or donate the item (Bahari, 2022). Conventional courts and Sharia differ in their legal foundations. The former is based on the Indonesian Criminal Code (KUHP), while the latter is based on the Fatwa of the National Sharia Council of the Indonesian Ulema Council (DSN MUI) on Rahn. Conventional courts only enforce a single debt contract with collateral on movable property from a legal standpoint. However, Sharia law enforcement institutions employ two specific methods, Rahn and ijarah, in carrying out their duties. Credit risk management in the conventional context is referred to as Credit Certificate (SBK), while in the Sharia context, it is known as Rahn Certificate (SBR). On the conventional side, the Ministry of Finance oversees state-owned enterprises, whereas on the Sharia side, the Central Statistics Agency (BPS) and the Financial Services Authority (OJK) are responsible. In conventional pawning, the burden is in the form of interest, while in Sharia pawning, the

burden is in the form of maintenance fees. Although textile goods are prohibited from being sold in conventional markets, they are allowed to be traded in Sharia markets (Bahari, 2022).

B. RESEARCH METHOD

This study employs a quantitative methodology with a linear regression analysis approach to examine the impact of gold prices on the profitability of Bank Syariah Indonesia (BSI). The independent variable in this study is the gold price, while the dependent variable is BSI's profitability, measured through financial indicators such as Return on Assets (ROA) (Sugiyono, 2016). The population in this study comprises all annual financial statements of Bank Syariah Indonesia from 2019 to 2023. The sample is selected through purposive sampling, specifically focusing on annual financial statements that contain profitability information and gold price data in Indonesia, obtained from official sources such as Bank Indonesia. The sample includes BSI profitability data and gold prices during the 2019 to 2023 period (Sugiyono, 2021). This data is then analyzed using linear regression statistical techniques with the assistance of SPSS (Statistical Package for the Social Sciences) software. The data collected adheres to classical assumptions, including tests for normality, heteroscedasticity, autocorrelation, and multicollinearity. Hypothesis testing is then conducted using the t-test, as proposed by (Wahyudi, 2021)

The subsequent regression analysis allows for the observation of the impact of several independent variables on the dependent variable. The following regression formula is used to test the hypothesis:

$$Y=a+bX_1+e$$

Dimana:

- Y = Profitabilitas.
- a = Konstanta.
- b = Koefisien regresi dari variabel independen.
- X1 = Harga Emas
- e = erorr term.

C. RESULTS AND DISCUSSION

Results

Table 1 provides a summary of the descriptive statistics for the variables used in this study, including the gold price (independent variable) and BSI's profitability (dependent variable), measured by Return on Assets (ROA). The table includes the mean, standard deviation, minimum, and maximum values for each variable across the sample period from 2019 to 2023.

Table 1. Descriptive Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Harga Emas	60	-5.82	12.33	.9393	3.37324
Profitabilitas	60	.02	.21	.1173	.06457

Valid N (listwise) 60

Sumber: data diolah peneliti 2024

A total of 60 data points were collected for the variables of equity and profitability, as shown in the table above. The minimum value for the equity price variable was -5.82, and the minimum value for the profitability variable was 0.002. The maximum value for the equity price variable was 12.33, and the maximum value for the profitability variable was 0.21. The average value for the equity price variable was 0.9393, while the average value for the profitability variable was 0.173. The equity price variable had a standard deviation of 0.37324, whereas the profitability variable had a standard deviation of 0.06457. A normality test was used to determine whether the two variables, the independent variable and the dependent variable, are normally distributed or not (Husein & Umar, 2008).

Table 2. One-Sample Kolmogorov-Smirnov Normality Test

		Unstandardized Residual
N		60
Normal Parameters^{a,b}	Mean	.0000000
	Std. Deviation	.03167858
Most Extreme Differences	Absolute	.200
	Positive	.116
	Negative	-.200
Test Statistic		.200
Asymp. Sig. (2-tailed)		.200 ^c

Source: Data processed by the researcher, 2024

From the table above, it is observed that the relationship between equity prices and profitability has a significance level of $0.220 > 0.05$, indicating that both data sets are normally distributed. A regression model is considered robust if it follows a normal distribution. To determine whether the data is normally distributed, a normality test was conducted using the Shapiro-Wilk method with a significance level of 0.05. According to the Shapiro-Wilk normality test provides the most accurate analysis of normal distribution compared to other methods.

Table 3. Autocorrelation Test

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate	Durbin-Watson
1	.871 ^a	.759	.755	.03195	1.691

a. Predictors: (Constant), Harga Emas

b. Dependent Variable: Profitabilitas

Source: Data processed by the researcher, 2024

Based on the table above, the Durbin-Watson statistic is 2.394. Compared to the 5% significance level, with a sample size of 60 (n) and one independent variable (k=1), the Durbin-Watson table provides a lower bound value (du) of 1.6162. Since the DW value of 2.394 is greater than the upper bound (du) of 1.6162 and less than $4 - 1.6162$ (2.38), it can be concluded that no autocorrelation is present.

Table 4. Heteroscedasticity Test

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	-.005	.019			-.283	.778
Harga Emas	3.224E-8	.000	.199		1.546	.127

a. Dependent Variable: ABS_RES

Source: Data processed by the researcher, 2024

The significance value of 0.127, which is greater than 0.05, was obtained from the heteroscedasticity test using the Glejser method. Therefore, it can be concluded that heteroscedasticity is not an issue, and linear regression can proceed. To determine whether there is residual variance across all observations in the regression model, the heteroscedasticity test was performed. The heteroscedasticity test using the Glejser method involves examining the significance values of the variables. It can be concluded that heteroscedasticity is not present if the significance value for the variables is greater than the 5% significance level (0.05).

Table 5. Linearity Test

		Sum of Squares	df	Mean Square	F	Sig.	
Profitabilitas Harga Emas	*Between Groups	(Combined) Linearity	.237	1	53.004	2.947	.087
		Deviation from Linearity	.187	1	.187	123.142	.000
		Within Groups	.050	52	.001	.635	.827
Total			.009	6	.002		
			.246	59			

Source: Data processed by the researcher, 2024

From the results of the linearity test shown in the figure above, with a total of 60 data points, the significance value obtained is $0.000 < 0.05$. The significance value for the deviation of linearity of gold prices on profitability is $0.827 > 0.05$. Thus, it can be concluded that there is a linear effect of gold prices on profitability. In this study, simple linear regression analysis was conducted using IBM SPSS Statistics 23, and the results are displayed in the following table:

Table 6. Simple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	-.297	.031			-9.611	.000
Harga Emas	4.508	.000	.871		13.526	.000

a. Dependent Variable: Profitabilitas

Source: Data processed by the researcher, 2024

Based on the table, the regression equation is obtained as follows:

$$\text{Profitability} = -0.297 + 4.508 \text{ Gold Price} + e$$

From the results of the multiple linear regression, the following interpretations can be made:

- 1) The constant value (β) is -0.297. This indicates that if the gold price variable is 0, profitability would decrease by 0.297%.
- 2) The regression coefficient for the gold price variable is 4.508. This means that if the gold price increases, profitability will increase by 4.508%. Thus, the gold price variable has a positive impact on profitability.

Hypothesis Testing

Table 7. t-Test

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	-.297	.031		-9.611	.000
Harga Emas	4.508	.000	.871	13.526	.000

a. Dependent Variable: Profitabilitas

Source: Data processed by the researcher, 2024

It is noted that the T-value is 13.526 > T-table value of 1.67 and the significance value is 0.000 < 0.05. Therefore, it can be concluded that H0 is rejected and Ha is accepted, indicating that the gold price variable (X) has a positive and significant effect on the profitability variable (Y), and the hypothesis is supported.

Table 8. Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.871 ^a	.759	.755	.03195

a. Predictors: (Constant), Harga Emas

b. Dependent Variable: Profitabilitas

Source: Data processed by the researcher, 2024

Based on the table above, the Adjusted R Square value obtained is 0.759, which means that 75.9% of the variation in the dependent variable, namely ROA, can be explained by gold prices. The remaining 24.1% is explained by other variables in external research.

Discussion

Using linear regression analysis in SPSS 23, it was found that the gold price has a significant effect on the profitability of Bank Syariah Indonesia (BSI). This result is consistent with (Syar, 2022). which states that the profitability of PT Pegadaian is positively and significantly influenced by gold prices. Similarly, (Masyhudi, 2019). found that the profitability of PT XYZ is affected by stock prices. However (Masyhudi, 2019) found no correlation with (Romdona, 2023), who reported that the impact of oil prices on profitability can be disregarded. This result contrasts with (Hasnawati, 2021)who found that bond prices did not significantly affect the profitability of bond products at Bank Syariah Mandiri in Palopo. The following is a detailed report on the customers of the gold pawning product at Bank Syariah Indonesia:

Table 9. Active Gold Pawning Master Report BSI

No	Tipe Produk	Nama Nasabah	Pembiayaan	Ujroh	Tipe Gadai
1	RHN0001	SR	8,000,000.00	516,384.96	Gold
2	RHN0001	YT	2,400,000.00	144,391.03	Gold
3	RHN0001	SW	29,000,000.00	1,406,367.71	Gold
4	RHN0001	ST	7,000,000.00	509,263.80	Gold
5	RHN0001	FM	7,800,000.00	569,343.17	Gold
6	RHN0001	VW	5,000,000.00	360,760.08	Gold
7	RHN0001	FA	5,000,000.00	361,346.24	Gold
8	RHN0001	DR	5,500,000.00	352,997.68	Gold
9	RHN0001	LF	22,000,000.00	1,321,266.91	Gold
10	RHN0001	WS	37,000,000.00	2,237,911.20	Gold

Source: Data processed by the researcher, 2024

Gold prices have a significant impact on the profitability of Bank Syariah Indonesia (BSI) from 2019 to 2023. As a commodity considered a traditional store of value and a safe haven investment, gold prices often experience significant fluctuations over certain periods. When gold prices rise, BSI may see an increase in profitability due to the enhanced value of investments in their portfolio, particularly if they hold a significant position in gold. Additionally, rising gold prices may boost customer interest in gold pawning products offered by BSI, which in turn can increase the bank's revenue.

Conversely, a decline in gold prices could lead to a decrease in asset value and negatively impact BSI's profitability if there is inadequate protection or diversification in their portfolio. Lower gold prices may also reduce customer interest in gold-related products, such as gold savings accounts or gold-backed loans, potentially decreasing BSI's revenue from these product segments.

Moreover, changes in gold prices not only affect BSI's internal profitability but also have implications for the economic well-being of the community using gold-related products. When gold prices rise, individuals who have invested in gold through BSI products may experience improved economic well-being due to the increase in asset value. However, if gold prices fall, individuals may incur losses, negatively impacting their economic well-being, especially for those who rely on gold as a primary investment.

Therefore, risk management regarding gold prices is crucial for BSI to mitigate the impact on their profitability and operational stability during these periods. Measures such as the use of derivative instruments or portfolio diversification strategies can help protect BSI from risks associated with fluctuations in global gold prices. Additionally, BSI should consider the impact of gold price changes on the economic well-being of the community when developing their products and services, to provide more comprehensive and sustainable solutions for their customers.

D. CONCLUSION

This study concludes that gold prices significantly impact the profitability of Bank Syariah Indonesia (BSI). Fluctuations in gold prices affect the value of investments as well as the demand and supply of gold-related products, such as gold pawning and gold savings accounts. The analysis, using linear regression, demonstrates that changes in gold prices can lead to substantial variations in BSI's profitability. Consequently, it is crucial for BSI to consider the dynamics of gold prices in their management strategies, particularly in relation to gold-based products. To address this, the study recommends the use of derivative instruments and portfolio diversification as effective risk management strategies. BSI should closely monitor and respond to fluctuations in gold prices to optimize profitability from gold pawning products and ensure operational stability. By understanding the implications of gold price changes and implementing appropriate strategies, BSI can enhance the profitability of their gold-related products and contribute to the sustainable development of Islamic banking in the future.

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