

The Implementation of PSAK 106 As Profit-Sharing Recognition: The Implementation Financing Musharaka Islamic Banks

Toto Sugihyanto *, Eko Sudarmanto, Ilza Febrina, Mohamad Ridwan, Isa Amsyari, Guruh Marhaenis Handoko Putro

Universitas Muhammadiyah Bandung, Indonesia

*Corresponding author E-mail: toto@umbandung.ac.id

Received: August 22, 2025, Accepted: October 11, 2025, Published: November 21, 2025

Abstract

This study aimed to analyze and ascertain the extent to which a recognition of the profit-sharing of musharaka financing in Islamic commercial banks, especially in Islamic Bank Jabar Banten, banks. The research implemented qualitative descriptive case studies and phenomenology-ogy. The data were obtained from primary and secondary sources. Based on the findings, Islamic commercial banks in Indonesia, in general, and especially the Syariah Bank Jabar Banten bank, in terms of recognition of profit, do not follow PSAK 106, which is currently-ly in effect. Where the customer is an active partner in musharaka financing, when distributing profit-sharing to Islamic banks as a passive partner, the amount is fixed each month; it should not be fixed (fluctuate) depending on the monthly income of the active partner (customer). The implications in practice can be recognized based on the profit-sharing report on the realization of operating income from the accounting records of the active partner or business manager, which is carried out separately and reported monthly to the passive partner, in this case bank Bank Jabar Banten Syariah.

Keywords: PSAK; Profit-Sharing; Musharaka.

1. Introduction

Sharia banks are business entities that collect funds from the public in savings and distribute them to the public in financing or other forms based on sharia principles and in collecting fees based on a profit-sharing system. (Sharia Banking Law No.21 2008). The following is a sharia bank financing scheme: Murabahah, Mudharabah, Musharaka, Salam, and Istishna. The composition of financing in Islamic banks in the last five years is as follows.

Table 1: Composition of Financing in Sharia Commercial Banks and Sharia Business Units (Billion rupiahs)

No.	Name of Agreement	2016	2017	2018	2019	2020
1.	Mudharabah	15,292	15,984	14,940	13,176	11,854
2.	Musharaka	78,421	95,097	121,914	150,522	174,919
3.	Murabahah	139,536	145,301	151,580	158,725	174,301
4.	Salam					
5.	Istishna	878	1,189	1,609	2,097	2,364
6.	Ijarah	9,150	8,535	9,288	9,450	8,635
7.	Qardh	4,731	6,346	7,665	10,031	11,872
8.	Others					
	Total	248.008	272.452	306.996	344.001	383.945

Source: Islamic Banking Statistics – Indonesian Bank.

After looking at the schematic list, the Musyaraka financing's largest contribution in 2020 and its progress from 2016 to 2020 has increased steadily, in the composition of financing provided.

• Problem Formulation

Syariah BJB Bank, also called Bank Jabar Banten, operates by financing and conducting activities to raise funds from the community. On the side of raising funds, Syariah BJB Bank raises funds from customers with Wadi'ah agreements in giro, savings, and Mudharabah agreements. On the side of the distribution, Syariah BJB Bank uses the principle of revenue sharing, namely Musharaka and Mudharabah agreement, using the buy and sale principle, and the Ujroh principle with Ijarah and IMBT (Ijarah Muntahiah bitTamlik) agreements. In addition, the distribution of funds and the collection of funds, Syariah BJB Bank also conducts other financial services activities, namely Wakalah (transfer), Kafalah (bank guarantee), Hiwalah (bank support and information), Rahn (gold pawn), and Qord (soft loan).

Table 2: Composition of Financing at Syariah BJB Bank for the Period 2016 to 2020 (Billion Rupiahs)

No	Agreement Name	2016	2017	2018	2019	2020
1.	Mudharabah	224	156	127	178	166
2.	Musharaka	831	810	1.132	1.541	1.693
3.	Murabahah	7.462	4.372	3.313	3.602	3.751
4.	Salam					
5.	Istishna	1	3	4	3	
6.	Ijarah	0,4	31	17	22	21
7.	Qardh	0,7	66	67	79	150
8.	Others					
	Total	8.519	5.438	4.660	5.425	5.781

Table 2 above explained that Musharaka financing from 2016 to 2020 had increased steadily, in the composition of financing provided by Sharia commercial banks, BJB Bank (Bank Jabar Banten Syariah). Musharaka financing position in 2020 amounted to Rp. 1.6 trillion, and obtained information from customers financing Musharaka Syariah BJB Bank, and recognition from Musharaka financing analyst Syariah BJB Bank. The recognition of profit-sharing from active partners paid to passive partners is still fixed, not volatile, encouraging the author to ensure that it has been implemented following Sharia principles, or implementing the provisions of PSAK 106 related to Musharaka financing that is currently in force. What happens in the field in terms of profit-sharing differs between theory (applicable provisions) and the reality of practice in the field.

- Gap phenomenon

Despite its benefits, Musharaka financing carries greater risk compared to other Islamic contracts (Khan & Ahmed, 2001; Warninda et al., 2019). According to Bank Indonesia (2016), it is the leading contributor to non-performing financing in Indonesia's Sharia banking sector. Although it is used more extensively than mudharabah, the riskiness of Musharaka necessitates focused attention from the industry to manage future financial exposures (Ramli, 2020). Ramli's (2020) research identifies internal factors—such as expected returns, Musharaka's share in total financing, and exposure to high-risk sectors—as the primary determinants of risk in Musharaka contracts. Among external influences, only national GDP growth showed a notable impact.

- Research purpose

The purpose of the research is to determine the suitability of accounting implementation regarding the recognition of the sharing of Musharaka financing revenue with PSAK No. 106. Theoretically, this research aimed to give insight into Sharia finance, especially regarding Musharaka contracts. In addition, this research contributed to Sharia commercial banks in general, especially for Jabar Banten Syariah, to evaluate the application of effective Sharia practices under PSAK No. 106.

2. Literature Review

Bank of Sharia (المصرفية الإسلامية) is a banking system whose implementation is based on Sharia law. The establishment of this system is based on the prohibition in I Syariah to lend or collect loans by charging interest on loans (usury/riba), and the prohibition to invest in prohibited businesses (haram). The conventional banking system cannot guarantee the absence of these matters in investment, for example, in businesses related to the production of haram food or drinks, un-Islamic media or entertainment businesses, and so on. (Wiroso, 2011: Accounting for Islamic Transactions).

These principles have existed in the history of Islamic economics; then, at the end of the 20th century, after the establishment of Islamic banks, they began to be applied in private and semi-private commercial institutions in the Muslim community in the world.

Other names know Sharia banks as usury-free banks (la usury banks), Islamic banks, interest-free banks (Nurul and Fitriyanti, 2010: 52). Continued article 1 paragraph 7 of Law No. 21 of 2008, Islamic banks by type consist of Islamic Commercial Bank (BUS) and Syariah Rural Banks (BPRS). Sharia principles are the principles of Islamic law in their banking business activities based on a fatwa issued by an institution that has the authority to stipulate a fatwa in the field of Sharia.

- The product of Sharia Bank

In carrying out their business activities, Sharia banks carry out several activities, such as:

- 1) Fundraising

According to the fatwa of the National Sharia Council (DSN), there are two principles of raising funds,

- a) Fundraising with the Wadi'ah Principle

Wadi'ah means a deposit between two parties, either an individual or a trusted legal entity, which is returned by the deposit recipient whenever the party entrusts its wishes. There are two types of Wadi'ah, Wadi'ah yad dhamanah and Wadi'ah yad Amanah". Wadi'ah yad dhamanah is a deposit that has not been returned to the depositor, which the recipient of the deposit can use. As for Wadi'ah yad amanah, the deposit recipient may not take advantage of the item obtained until the person who entrusted it takes the deposit back. The principle of Wadi'ah commonly used is Wadi'ah yad dhamanah, which can be applied to collection activities such as current accounts and savings.

- b) Fundraising using the Mudharabah Principle

It is a business cooperation contract in which the first party provides funding and the second party is responsible for managing the business. Mudharabah consists of Mudharabah muthlaqah is one type of Mudharabah that gives full authorization to mudharib to carry on business without any limitation associated with these efforts. Mudharabah muqayyadah is one of the Mudharabah where the owner of the funds provides limits to the managers in the management of funds in the form of business, place, suppliers, as well as consumers. The mudharabah musytarakah is a form of mudharabah in which the fund manager includes capital or funds in an investment collaboration.

- 2) Fund Distribution (Direct and Indirect)

The distribution of funds by Sharia banks follows several principles, namely the principle of sale and purchase, the principle of investment, and the principle of leasing. (Riza, 2012: 76).

- a) Principles of Selling and Purchasing

Three schemes can be used in buying and selling activities: Murabahah selling scheme, Salam, and istishana's selling schemes.

Bai' Al-Murabahah, namely, funds that are channeled with the principle of buying and selling. Goods purchased by the Bank, where service users were needed. Then, resold to service users at a price plus a profit margin set by the bank, and the goods can be paid for by service users in installments. The installment amount is fixed according to the initial contract, and the installment amount consists of the cost of goods plus the agreed margin. Such as the house price of 500 million, the bank's margin of profit is 100 million, the borrowing customer must pay 600 million in installments during the time agreed by both parties (customer and bank).

Bai 'As-Salam, Items will be purchased by the bank as needed later, and payment is made in advance. Purchase of Goods must be measured and considered clearly and precisely, and the price is set based on the pleasure of both parties. For example, Short-term (2-6 months) financing for farmers to buy goods (eg, rice, corn, chili), then the bank makes bai'as-salam to second buyers (eg, Bulog, wholesalers). Another example is garment products between sellers, banks, and partners who have received recommendations.

Bai' Al-Istishna is almost the same as ba'i assalam, which is a buying and selling contract where the price of the goods is paid first, but can be paid in accordance with the schedule and terms agreed upon together, while the goods purchased are produced and submitted later.

b) Investment Principle and Profit-sharing

In making the investment, it can be done with both a Mudharabah scheme and a Musharaka scheme. According to Wiyono and Maulamin (2012: 47), Mudharabah is an agreement between the owner of the capital and a worker to manage money from the owner of the capital in specific trades, where the profits are divided according to mutual agreement, while the losses suffered are borne by the owner of the capital. Meanwhile, Musharaka has a broad meaning as a cooperation agreement or a mixture of two or more parties to carry out a specific business that is lawful and productive, with the agreement that profits will be shared according to the agreed ratio and risks will be borne according to the portion of the cooperation.

In implementing the profit-sharing principle, it can be done with the Al-Muzara'ah scheme and the Al-Musaqah scheme. According to Syafi'i Antonio, Muhammad (2001), Al-Muzara'ah is a bank that provides financing for customers engaged in agricultural plantations based on profit-sharing from the harvest.

Al-Musaqah is a simpler form of muzara'ah, where the customer is only responsible for watering and maintenance; the customer is entitled to a certain ratio of the harvest.

c) Leasing Principle

In principle, leasing can be carried out in two schemes, namely the ijarah scheme and the ijarah muntahiya bittamlik scheme. Leases with an ijarah scheme are defined as transactions of transfer of use rights (benefit) of goods and services within a certain time through the payment of rent or wages without transfer of ownership. The ijarah muntahiya bittamlik combines leasing (ijarah) and buying and selling or a grant. In this case, the lessee promises to sell or gift the leased item at the end of the lease period (Utama, 2009: 46).

3) Services

Sharia banks can provide banking services based on the wakalah, hawalah, kafalah, rahn, and qord contracts. According to Wiyono and Maulamin in their book entitled Understanding Sharia Accounting in Indonesia.

Al-Wakalah is a contract on Sharia banking transactions, which is a contract (representative) that is under the principles applied in Islamic law. Wakalah transactions arise because one of the parties provides an engagement object in the form of services, or can also be referred to as lending himself to do something on behalf of the other party.

Al-Hawalah is a transfer contract in which, in practice, transfers the debt from the responsibility of the person in debt to the responsibility of the person who is obliged to pay the debt (for example: a debt takeover agency). The hawalah transaction arises because one of the parties lends an engagement object in the form of money to take over a receivable or debt from the other party.

Al-Kafalah is to provide guarantees provided by the insurer to third parties to fulfill the obligations of the second party or those who are insured. In other words, transferring the responsibility of a person who is guaranteed by holding on to the responsibility of another person as a guarantee, Kafalah transactions arise if one party provides an object in a guarantee for certain events in the future.

Ar-Rahn is an agreement on Islamic banking transactions, which is a pawning contract under Sharia. Transaction Rahn arises because one party lends an objective engagement form of money to the other party, supported by a guarantee.

Al-Qardh is one of the contracts contained in the Islamic banking system, which is none other than providing loans in the form of money or otherwise without expecting a reward or interest (riba). It indirectly intends to help not commercial, only social elements.

4) Musyaraka Definition

According to the FATWA NATIONAL SHARIA COUNCIL, Musharaka financing is financing based on a cooperation agreement between two or more parties for a particular business, in which each party contributes funds, provided that profits and risks will be borne together under the agreement. (DSN-MUI/IV/2000 No. 8)

According to Afzalur Rahman, a Deputy Secretary-General in The Muslim School Trust, al-syirkah means al-iktilath (mixing) or the alliance of two or more people, making each difficult to distinguish or inseparable. Another term dar Musharaka is sharikah or syirkah or partnership. (Nurhayati Nur -Wasilah, 2013; Shariah Actuarial in Indonesia).

The definition of Musharaka is a cooperation agreement between two or more parties for a particular business, in which each party contributes funds, provided that the profit is divided by an agreement, while the losses are based on the portion of the contribution of funds. The funds include cash or non-cash assets allowed by Sharia. (SAKS, 2017: psak 106).

Characteristics of Musharaka according to PSAK 106 paragraphs 5 – 12.

- 5) The partners (syarik) provide funds to fund a particular business in Musharaka, both existing and new businesses. Furthermore, one partner can return the funds and the agreed revenue share ratio gradually or at the same time to the other partner.
- 6) Investment Musyarakah can be given in cash, cash equivalents, / non-cash assets, including intangible assets, such as licenses & patents.
- 7) Since each partner cannot guarantee the funds of other partners, each partner may ask the other partner to provide assurances of wrongdoing or deliberate errors. Some things that indicate a deliberate error are:
 - a) Violations of the contract include misuse of investment funds, manipulation of costs, and operating income.
 - b) Implementation is not following Sharia principles.
- 8) If there is no agreement between the parties to the dispute, then the deliberate error must be proven based on the decision of the authorized institution.
- 9) Musharaka business profit is divided between the partners proportionally in accordance with the deposited funds (either in the form of cash or non-cash assets) or following the ratio agreed by the partners. At the same time, the losses are charged proportionally in accordance with the deposited funds (both in the form of cash and non-cash assets).
- 10) If one partner contributes or values more than the other partner in the Musharaka agreement, he can get a greater profit for himself. This form of profit can be given a larger portion of the profit from the portion of the fund or other additional forms of profit.
- 11) The portion of the profit-sharing amount for the partners is determined based on the agreed ratio of the business results obtained during the contract period, not from the amount of investment disbursed.
- 12) Musharaka managers administrate business transactions related to Musharaka investments and manage them in their own accounting records.

Previous Research.

Previous studies examined Musharaka agreements from several aspects, one of which is research from Andreani Hanjani (2019) with PSAK 106 implementation on Musharaka Financing in BMT Batik Mataram. The results showed that BMT Batik Mataram has not fully implemented financing under PSAK No. 106 in force. From recognition, measurement, presentation, and disclosure, it is only about recognizing profits that are not yet entirely in accordance with PSAK No. 106. According to PSAK No. 106 paragraph 09, Musharaka business profits are divided between partners on a proportional basis in accordance with the deposited funds (both in the form of assets and non-cash assets). While in practice, BMT Batik Mataram recognizes the advantages by calculating the ratio of profit-sharing using the percentage determined at the beginning of the contract.

Then Nur, Safarah Yahdiyani (2016) with the title *Of Analysis of the Application of PSAK No. 59 and PSAK No. 106 on Musharaka Financing at BPRS Formes Sleman Yogyakarta*. The results showed that the whole thing is about presentation, measurement, and recognition. Only about disclosures that are not yet in accordance with PSAK 106. The discrepancy is due to the lack of disclosure of Musharaka investment loss allowance and loss disclosure due to impairment of assets.

Meanwhile, Murniati (2014) in his research on *The Analysis of the Application of PSAK 105 and 106 on Funding and Financing Products at The Sharia State Savings Bank Yogyakarta branch office*. Revealed that the accounting of funding and financing Mudharabah and Musharaka conducted in BTN Syariah KCS Yogyakarta has not all been appropriate, one of which is about investment. Bank BTN Syariah still recognizes the financing as non-investment financing.

Devy (2022) shows that the implementation of PSAK 106 on Musharaka financing at BPRS Haji Miskin demonstrates a general alignment with the standard; however, certain elements of recognition and presentation still require refinement. Specifically, funds distributed to customers have been categorized as Musharaka financing, whereas in proper accounting treatment, they should be classified as Musharaka investments. Furthermore, although most of the recording process has been adjusted in accordance with PSAK 106, several transactions remain incomplete, leading to records that are not yet fully compliant with the standard. The implementation of mudharabah and Musharaka financing at Sharia Bank JT is carried out in accordance with PSAK 105 and PSAK 106, complemented by several adjustments to meet the specific requirements outlined by the Financial Services Authority. These adjustments ensure that the bank's financial reporting not only adheres to national accounting standards but also aligns with the regulatory framework governing Islamic financial institutions, thereby strengthening both compliance and transparency in practice (Putra & Huwaina, 2024).

In applying Sharia accounting principles, particularly in mudharabah and Musharaka financing, Bank Jateng Syariah has generally aligned its practices with the relevant accounting standards, namely PSAK 105 on Mudharabah and PSAK 106 on Musharaka, as well as with the regulations established by the Financial Services Authority. For mudharabah transactions, the bank adopts the Mudharabah Mutlaqah scheme, whereas Musharaka contracts are carried out using a standard profit-sharing approach. Both types of financing are recognized on a cash basis, reflecting income only when it is realized (Arifin & Khotijah, 2023). PSAK 106 serves as a guideline for investment and financing activities by establishing a standardized reporting framework that enhances stakeholder confidence. Compliance with this standard enables BPRS HIK Parahyangan to not only meet regulatory requirements but also to reinforce its commitment to delivering transparent financial performance in line with Sharia principles (Dewi et al., 2024).

Although previous studies have examined the application of PSAK No. 106 in Islamic financial institutions, the findings consistently indicate practices that are not fully aligned with the standard. This highlights the need for further in-depth research within different institutional contexts to assess the extent of actual implementation. The present study seeks to address this gap by focusing on the application of PSAK No. 106 at Bank BJB Syariah Bandung. By employing a single case study approach, this research provides a detailed exploration of profit-sharing recognition in Musharaka financing, while also offering an empirical foundation that can be compared with other Islamic banks in future studies, thereby enriching the understanding of the consistency of PSAK No. 106 implementation in Indonesia.

3. Method

This research is qualitative research conducted to provide conclusions about the application of PSAK No. 106 on the recognition of revenue sharing at Syariah BJB Bank. The data used in this study consists of primary and secondary data. Primary data were obtained from interviews with financing analysts and financing customers at Syariah BJB Bank, as well as documentation results. Meanwhile, the secondary data were in the form of recap reports of Musharaka financing for five years. This study specifically adopts a single case study approach focusing on Bank BJB Syariah Bandung. The application of PSAK No. 106 on Musharaka financing and its recognition of profit-sharing is described and analyzed by comparing the practices at Bank BJB Syariah with the standards outlined in PSAK No. 106. The choice of a single case study allows for an in-depth exploration of internal processes, but it also presents limitations in terms of generalizability. The findings may not fully represent practices at other Islamic banks in Indonesia. For this reason, future research would benefit from incorporating comparisons with other Islamic banks or using a broader sample to strengthen the validity and applicability of the conclusions across different institutional contexts.

4. Result and Discussion

4.1. Musharaka financing in BJB Syariah

Musharaka financing mechanism in BJB Syariah Bandung included the following: Prospective Customers apply for financing at BJB Syariah Bank by filling out the financing application form and are willing to meet the requirements that must be completed by the applicable provisions at BJB Syariah Bank. After doing the stage, the requirements were complete. The Syariah BJB Bank will survey prospective customers' business location and residence to verify and match the data submitted with the real situation. After it was stated as appropriate, Syariah BJB Bank analysts analyzed Musharaka financing. They were eligible for Musyarkah financing facilities from BJB Syariah Bank and determined the number of financing facilities received, the period of financing that could be taken, the number of principal installments, and the profit-sharing that must be paid each month. After it was confirmed visible and bankable, the bank sent a letter of approval of financing (SP4) to prospective customers to read and understand. If it has been agreed, then the SP4 letter was stamped with stamp duty by prospective customers and their spouses, and then the letter was sent back to Syariah BJB Bank. After that, Syariah BJB Bank made a cover letter to the notary to prepare the contract.

4.2. Conformity of accounting recognition of musharaka financing in syariah BJB Bank with PSAK No. 106

4.2.1. Recognition of investment

In PSAK No. 106 paragraph 27, Musharaka investment is recognized signing of the contract and cash payment or delivery of non-cash assets to active partners. In practice, Musharaka investments in Syariah BJB Banks are recognized when cash payments are made to clients (active partners). This showed that recognizing investment in sharia banks was under PSAK No. 106. Because Syariah BJB Bank recognizes In-vestastion Musharaka at the time of cash payment given to customers or active partners.

4.2.2. Recognition of losses

In PSAK No. 106 paragraph 24, Musharaka investment losses are recognized in accordance with the portion of each partner's funds and reduce the value of Musharaka assets. And in paragraph 25, if the loss is due to negligence or error of the active partner or business management, then the loss is borne by the management of the Musharaka business. In practice, Syariah BJB Bank recognized losses if losses were recognized following the portion of funds agreed at the beginning of the contract. If the losses occurred due to the deliberateness of active partners, then the losses were fully borne by active partners. It was under with PSAK No. 106 paragraphs 24 and 25, which BJB Syariah Bank had done so.

4.2.3. Recognition of operating income

In PSAK No. 106 paragraph 26, the recognition of Musharaka business income in practice can be known based on the revenue sharing report on the realization of business income from the accounting records of active partners or business managers conducted separately. In practice, BJB Syariah Bank recognized the following benefits: revenue-sharing payments were made on each principal installment payment, and the payment period had been agreed upon at the beginning of the contract. Recognition of Musharaka business income was recognized from the percentage to determine income, because the majority of fund managers in Syariah BJB Banks were small and medium enterprises whose financing started from fifty million, who could make special bookkeeping about the results of their business. However, in practice, active partners do not carry out as they should. In this case, the recognition of business income in BJB Syariah Bank has not been entirely in accordance with PSAK No. 106. The recognition of business income should be based on the customer's real business income, not using a percentage.

4.2.4. Recognition of receivables

In PSAK No. 106 paragraph 33, Musharaka investments that have not been returned by active partners at the end are recognized as receivables. If the recognition of bank receivables BJB Syariah has been in accordance with PSAK No..., 106, which, in practice, in the Syariah BJB Bank Musharaka financing that has not been paid by the fund manager (customer) recognized by BJB Syariah Bank as receivables, and the profit-sharing that has not been paid by the fund manager will be recognized by BJB Syariah Bank as receivables.

4.2.5. Recognition of losses

In practice, Syariah BJB Bank has been in accordance with PSAK No. 106 which is an acknowledgement of losses is the cost incurred related to Musharaka financing is not recognized as Musharaka financing, and losses due to negligence of fund management are charged entirely to the fund management and do not reduce the investment of Musharaka. The notes on the financial statements made by BJB Syariah Bank reveal an overview of the profit.

4.3. Conformity of measurement of musharaka financing accounting in syariah BJB bank financial control with PSAK No. 106

In practice, the measurement of Musharaka financing accounting is in accordance with PSAK No. 106. This is appropriate because BJB Syariah Bank measures the financing of Musharaka amount of money paid by BJB Syariah Bank to customers at the time of disbursement of funds, namely, after the Musharaka financing agreement is approved.

4.4. Conformity of presentation of musharaka financing accounting in the financial control of BJB Syariah Bank with PSAK No. 106

Syariah BJB Bank is a matter of how transactions are presented in the form of financial statements so that they can be read by the parties concerned. In PSAK No. 106 presentation discussed in paragraph 36, passive partners present the following related to Musharaka efforts in financial statements: cash or non-cash assets handed over to active partners are presented as Musharaka investments, and deferred profits from the difference in valuation of non-cash assets submitted at fair value are presented as contra accounts of Musharaka investments. In practice, the presentation of Musharaka financing accounting in BJB Syariah bank was under PSAK No. 106 Paragraph 36, where BJB Syariah bank presents cash given to active partners as Musharaka investment by passive partners.

4.5. Conformity of disclosure of musharaka financing accounting in the financial control of BJB Syariah Bank with PSAK No. 106

Syariah BJB Bank revealed matters related to Musharaka financing, such as the portion of funds, the distribution of business results, and Musharaka business activities at the beginning of the Musharaka financing agreement. Elimination of productive assets was presented in the balance sheet. The notes on the financial statements made by BJB Syariah bank revealed an overview of the bank's profit BJB Syariah. Based on the above analysis, it can be concluded that the disclosure practice of Musharaka financing accounting is in accordance with PSAK No. 106 paragraph 37, which states that passive partners disclose matters related to Musharaka transactions.

Table 1: Analysis of the Suitability of PSAK No. 106 on Musharaka Financing in BJB Syariah Bank

No.	PSAK No. 106	Syariah BJB Bank	Appropriate / Not Yet Appropriate
1.	RECOGNITION Accounting Recognition of Musharaka financing consisting of: -recognition of investment. -recognition of losses. -recognition of Operating income -recognition of receivables. -load recognition.	Accounting Recognition of Musharaka Financing -recognition of investment. -recognition of losses. -recognition of Operating Income. - recognition of receivables. -load recognition.	Appropriate Appropriate Not Yet Appropriate Appropriate Appropriate
2.	Recognition of costs incurred due to the Musharaka agreement (feasibility study fee) cannot be recognized as part of the Musharaka investment unless there is approval from both partners. MEASUREMENT :	In the framework of the Musharaka agreement, there is financing that must be issued to determine the feasibility of the Musharaka agreement cannot be recognized as part of the Musharaka financing.	Appropriate
1.	In cash, the form is assessed as much as the amount paid	Measuring the financing of Musharaka amount of money paid by the bank to the customer at the time of disbursement of funds, namely, after the Musharaka financing agreement is approved.	Appropriate
1.	PRESENTATION : Cash or non-cash assets handed over to active partners are presented as Musharaka investments. DISCLOSURE:	At the time of the realization of Musharaka financing, BJB Syariah Bank presents Musharaka as an investment.	Appropriate
1.	passive partners disclose matters related to Musharaka financing transactions.	The beginning of the passive partner agreement reveals things related to financing Musharaka, the size of the portion of financing funds Musharaka, the division of business results, and business activities Musharaka	Appropriate

The results presented in Table 1 indicate that the implementation of PSAK No. 106 at Bank BJB Syariah Bandung is largely consistent with the standard, particularly in the area of recognition. The bank has properly recognized investments, losses, receivables, and expenses in accordance with PSAK No. 106. However, there remains a gap in the recognition of operating income, which is not yet fully compliant. Ideally, income should be recognized proportionally based on the actual realization of business activities, rather than solely on the initial contractual agreement. This suggests that while the bank has adopted the standard, challenges persist in applying it comprehensively in practice.

In terms of measurement, Bank BJB Syariah has implemented the principle in line with PSAK No. 106 by valuing Musharaka financing at the amount of cash disbursed to customers once the agreement has been finalized. This demonstrates consistent adherence to the accounting principles outlined in the standard.

Regarding presentation, the bank appropriately presents cash or non-cash assets handed over to active partners as Musharaka investments, as stipulated by PSAK No. 106. Similarly, in the aspect of disclosure, the bank reports relevant details from the beginning of the Musharaka contract, such as the amount of financing, the division of profit-sharing, and the type of business activities. This transparency contributes to building trust between active and passive partners, as well as with other stakeholders.

When compared to previous studies, these findings show both similarities and differences. Risdiyani et al. (2025) found that BMT Batik Mataram had not fully implemented PSAK No. 106, particularly in profit recognition, which relied on predetermined ratios instead of proportional allocations. Likewise, Nur and Yahdiyani (2016) reported that BTN Syariah Yogyakarta misclassified Musharaka financing as non-investment financing. Relative to these cases, Bank BJB Syariah demonstrates stronger compliance, especially in investment, loss, receivable, and expense recognition, as well as in measurement and presentation. Nevertheless, the issue of operating income recognition remains an area requiring improvement to achieve full compliance with PSAK No. 106.

Therefore, this study emphasizes that although Bank BJB Syariah has made substantial progress in applying PSAK No. 106, further refinement is necessary in the recognition of operating income. From a policy perspective, this highlights the need for regulatory support, such as clearer technical guidelines or simplified reporting frameworks provided by the Financial Services Authority, to ensure uniform implementation across Islamic financial institutions. Moreover, this research contributes to the academic literature by illustrating that the application of PSAK No. 106 still varies between institutions, underscoring the importance of future studies with broader samples to capture a more comprehensive picture of Sharia accounting practices in Indonesia.

5. Conclusion

Based on the results, it can be concluded that Syariah BJB Bank has not fully implemented Musharaka financing under PSAK No. 106 in force. From the recognition, measurement, presentation, and disclosure, it is only about recognizing business income that is not yet fully under PSAK No. 106. According to PSAK No 106 paragraph 26, recognition of Musharaka business income in practice can be known based on the report on revenue sharing on the realization of business income from accounting records of active partners or business managers conducted separately. While in practice, Syariah BJB Bank recognizes business income from the calculation of projected revenue share using the percentage set at the beginning of the contract. The limitations of this study are based only on PSAK No. 106 and have not compared its suitability with the MUI DSN Fatwa (Islamic Rule of a person). Further research is expected to compare the suitability of the application of Musharaka with DSN MUI Fatwa.

The recommendation in practice can be seen through the profit-sharing report on the realization of operating income, which is derived from the accounting records of the active partner or business manager. These records should be prepared separately and reported every month to the passive partner, in this case, Jabar Banten Syariah Bank. Passive partners are also expected to be proactive in reminding the business manager to submit reports on net operating income or net profit every month, as these reports form the basis for calculating the revenue-sharing ratio between active and passive partners. However, challenges may arise when active partners are unable to prepare monthly accounting records due to limited accounting knowledge or the absence of dedicated staff. In such cases, the use of affordable Accounting Firms (KJA) could be a practical solution. From a policy perspective, this highlights the need for regulators to play a stronger role in

supporting PSAK 106 compliance. Regulatory bodies could, for instance, design simplified reporting templates, provide technical training for micro and small enterprises, or offer subsidies for accounting services to ensure consistent and accurate financial reporting. Such measures would not only ease the burden on smaller businesses but also strengthen the overall reliability and transparency of profit-sharing practices within Islamic financial institutions.

References

- [1] Arifin, E. F., & Khotijah, S. A. (2023). Mudharabah financing and Musharaka financing applications at Bank Jateng Syariah. *Current Advanced Research on Sharia Finance and Economic Worldwide (CASHFLOW)*, 2(2), 366–372. <https://ojs.transpublika.com/index.php/CASHFLOW/>. <https://doi.org/10.55047/cashflow.v2i2.582>.
- [2] Devy, T. (2022). Analysis of the Application of Psak 106 At BPRS Haji Miskin Pandai Sikek, Tanah Datar Regency. *Jurnal Ilmiah Manajemen, Ekonomi, & Akuntansi (MEA)*, 6(3), 1380-1391. <https://doi.org/10.31955/mea.v6i3.2570>.
- [3] Dewi, I. P., Triguniawati, N., & Hanifa, L. H. (2024). Implementation of PSAK 101 and 106 on The Financial Reports of BPRS HIK Parahyangan. *Strata International Journal of Social Issues*, 1(2), 152–160.
- [4] Murniati, in Analysis of The Application of PSAK 105 and 106 on Funding and Financing Products at Sharia State Savings Bank Yogyakarta Branch Office. (2014).
- [5] Nur, Safarah Yahdiani in Analysis of The Application of PSAK No. 59 and PSAK 106 on *Musharaka* Financing at PT BPRS Formes Sleman Yogyakarta in 2016.
- [6] Nurhayati Sri and Wasilah (2015) “Akuntansi Syariah di Indonesia. Jakarta : Salemba Empat.
- [7] Nurul and Fitriyanti (2010). Islamic Bank, Bank Nibunga. Jakarta: Salemba Empat.
- [8] Putra, H. T., & Huwaina, A. A. (2023). Murabahah financing and Musharaka financing applications at “Bank JT Sharia.” *JESH: Journal of Social, Economics, and Humanities*, 1(2). <https://doi.org/10.30595/jesh.v1i2.159>.
- [9] Risydiyani, W., Aini, Q., & Fitriyani, Y. (2025). The role of PSAK 105 in mudharabah financing practices: A case study of KSPPS BMT Tumang. *Jurnal Ekonomi & Keuangan Islam*, 12(1), 131–149. <https://journal.trunojoyo.ac.id/dinar/index>.
- [10] Riza Salman, Kautsar. (2012). Sharia Banking Accounting Based on PSAK Syariah. Padang: Akademia Permata.
- [11] Sharia Banking Law No.21 in 2008.
- [12] S.A, Muhammad (2011). “Bank Syariah, dari Teori ke Praktek” Jakarta: Gema Insani Press.
- [13] Wiyono, Slamet and Maulamin, Taufan. (2012). Understanding Sharia Accounting in Indonesia. Jakarta: Mitra Wacana Media.
- [14] Wiroso (2011). Sharia Transakction Accounting. Jakara Indonesian Institute of Accountants.
- [15] Yaya, Rizal et al. (2016). Sharia Banking Accounting, Jakarta : Salemba Empat.