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DETERMINANTS OF PROFITABILITY AT BANK MEGA SYARIAH FROM 2015 to 2021

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Abstract

The aim of this research is to analyze the influence of the operational efficiency ratio (BOPO), capital adequacy level (CAR), non-performing financing (NPF), and liquidity (FDR) on the profitability of Bank Mega Syariah in Indonesia in 2015-2021. This research is quantitative research. The data source used in this research is secondary data, namely the annual financial report from Bank Mega Syariah obtained via the OJK website. The research results show that the NPF variable: tcount (0.395) < ttable (4.302) and with a significance level of 0.731 > 0.05, it means Ho. accepted and H1 rejected. Independent variable (NPF) partially. does not have a significant effect on the dependent variable (ROA). BOPO variable: The results show that Ho is accepted and H1 is rejected, because tcount (- 4.661) < ttable (4.302), and the significance level is 0.043 > 0.05. The dependent variable (ROA) is not significantly influenced by BOPO. CAR variable: H_0 is accepted and H_1 is rejected, because tcount (3.068) < ttable (4.302) with a significance level of 0.092 > 0.05. The dependent variable (ROA) is not partially influenced by CAR. FDR variable: tcount value 2.664 < ttable value 4.302, and significance level 0.117 > ttable value 0.05 indicating that H_0 is accepted and H_1 is rejected. The dependent variable (ROA) is not partially influenced by the independent variable (FDR).

Keywords: *BOPO, CAR, FDR, NPF, ROA*

INTRODUCTION

Banks are intermediaries in trade where excess funds, or excess units, are sent to parties who need funds, or deficit units. Banks are also responsible for collecting and distributing funds to the community. Banks, as intermediary institutions, Conventional banks are banks that provide general payment services in accordance with the requirements set by the state (Arinta, 2016). Sharia banks are banks that operate based on Sharia principles, or principles of Islamic law found in the fatwas of the Indonesian Ulema Council (Wahyuna & Zulhamdi, 2022). In addition, sharia banking law allows sharia banks to carry out social tasks, such as establishing baitul malls and receiving money from zakat, infaq, alms, grants, or other social funds. These funds are then distributed to the waqf manager, called Nazir, according to the donor's wishes (Rachman, 2015). Operate based on public trust (Kasmir, 2014). As a result, banks are also referred to as trusted agents (Lukman Dendawijaya, 2015).

Apart from acting as a trusted agent, the Bank also develops the national economy (development agent) in an effort to increase national stability, economic growth and equality (Malayu HasibunSP, 2013). According to Law no. 10 of 1998 concerning Banking. According to article 5 of Law no. 10 of 1998, in the banking sector there are two types of banks, namely Commercial Banks and Rural Banks (Asuan, 2019).

Sharia business is basically extending banking services to people who want their rewards paid based on sharia principles established by law rather than an interest system. (Maimun & Tzahira, 2022). With sustainable economic growth, Islamic banking will have greater potential and opportunities in its role as a source of financing for economic performance (Arfaizar et al., 2023). As the most influential party, the public usually receives various types of bank services to get public attention (Fanesha et al., 2021).

In the past few decades, Indonesia has been affected by the crisis global economy, which has an impact on the decline in national economic activities. This is also experienced by the national banking industry, remember A country's national economy is influenced by the level of industrial health banking itself.

In 2008 the global economic crisis hit the world. Financial crisis. It originated in the United States and then spread to various countries so that it spreads and a global economic crisis arises. No exception Indonesia and the domestic economy were also affected by the crisis. One of the industries affected is the national banking industry.

With the occurrence of the economic crisis, the performance of banks can be seen when you are in an unfavorable situation. The level of performance of a bank can be seen from the bank's financial reports, by analyzing and calculate ratios in financial performance. Analysis of financial statements is a very important instrument for obtaining information related to the health of the bank. By conducting report analysis finances, then we can find out the financial situation and developments in past or ongoing.

Ratio analysis helps business people obtain information detailed. So that business people get comparative data between bank, and can more quickly find out developments and performance on every period. This kind of banking condition is interesting to research. To use find out how much influence financial ratios have on the level of profitability national banking in Indonesia. So in this research we take special measures at Sharia Commercial Banks (BUS) from 2015 to 2021 with analyze its financial performance to find out how big the level is its profitability.

Determines the bank's strength, One of the factors that influences return on assets (ROA) based on correlation with the bank's risk level is CAR, a measure of capital. The provision of capital required to cover the risk of loss of bank assets, most of which comes from third party or public funds, is called capital adequacy. (Purba & Damayanthi, 2018).

A high capital ratio can maintain depositors, increase public trust in banks, and increase return on assets (ROA) (Mariyani et al., 2016). To obtain sufficient capital, banks can expand their operations more safely to increase their profitability. Therefore, bank management must increase the CAR value by at least eight percent in accordance with Bank Indonesia requirements (Layaman & Al-Nisa, 2016).

It can show the consistency of the bank's financial performance. Indonesian bank profitability is proxied in this research using Return On Assets (ROA) (Kusnah et al., 2022). *Return on Assets (ROA) is proxied to calculate the level of profitability* (Suryani, 2012).

The profitability ratio called Return On Assets (ROA) shows how well a company can generate profits from the use of all the assets or resources it owns. The quality and performance of a business can be assessed by ROA, which is a profitability ratio, in generating net profits from the use of assets (Sanjaya & Rizky, 2018). ROA is a rate that can be used to measure how effective a business is in generating income or profits from profitable facilities or offers at its equilibrium range. ROA can simply be described as a comparison between a company's net profit after tax and its overall capabilities. (Shenurti et al., 2022).

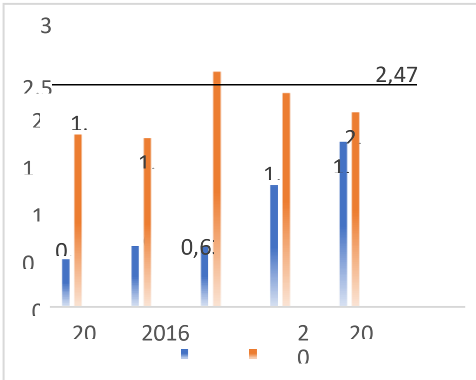
BUS ROA always increases every year, as shown in the image above. From 2015, BUS's ROA was 0.49, rising to 1.73 in 2019. However,

UUS's ROA, which sometimes increases and decreases every year, is different. In 2015, UUS's ROA was 1.81, and in 2016, it decreased to 1.77.

One of the causes of the decline in bank profitability is the decline in net profit. Several factors, such as operating expenses to income (BOPO), capital adequacy ratio (CAR), funding to deposit ratio (FDR), and non-performing funding (NPF), were responsible for this decline (Mileni & Satibi, 2021).

Grafic 1.1

Probability Syariah Bank 2015-2019



Sources : OJK, 2023

In the conflict of interest between liquidity and profitability, the variable that influences Return On Assets (ROA) is the liquidity ratio which is approximated by the Funding on Deposit Ratio (FDR)(Suryani, 2012). If a bank wants to maintain its liquidity position by increasing its cash reserves, it will not use all existing loan funds because some will be returned in the form of cash reserves (Perminas Pangeran, 2017).

As a result, profitability efforts will be reduced. Conversely, banks will reduce their liquidity positions if they want to increase profits. If this ratio increases within a certain limit, more funds will be channeled in the form of financing, which will increase the Bank's profits, assuming the Bank allocates its resources for effective financing. Because profit is part of Return On Assets (ROA), increasing profits will increase ROA (Yenti et al., 2021).

Since non-performing funding (NPF) reflects funding risk, asset quality is represented as a variable that influences profitability in this context (Suprianto et al., 2020). The quality of Islamic bank financing is negatively correlated with this ratio. The level of financial health (NPF) also influences the realization of bank results. Because the funding function is the main source of income for Islamic banks, funding management is very important for Islamic banks (Putra & Syaichu, 2021).

Operational Costs Operational Income (BOPO) is an interrelated relationship, which means that the bank will get greater profits if income is greater than operational costs (Marsekal Maroni, 2020). The operating expense ratio is a comparison between company income and company expenses. To find out how efficiently and capable a bank is in carrying out its operations, the operational cost ratio is used (Chen, 2019). Banks basically function as intermediaries by collecting funds, such as public funds. As a result, bank operating costs and income are dominated by interest and interest income. The lower this ratio, the more efficient the bank (Atarwaman, 2022).

The performance of Islamic banks is positively correlated with their level of profitability. Several components of Islamic bank financial reports can be used to assess the performance of Islamic banks. Users of financial reports can assess the performance of Islamic banks with the help of various financial ratios produced by financial reports (Umardani & Muchlish, 2017).

Public trust is one of the keys to a company's success in facing increasingly fierce competition in the banking industry. Thus, Bank Mega Syariah continues to carry out assessments and improvements. Considering the function, position and role of Bank Mega Syariah, measuring the level of profitability is very important to increase public confidence in managing business finances

Table 1.1
Development of Bank Mega Syariah in 2015 – 2018

Tahun	BOPO	NPF	FDR	CAR	ROA
2018	93,84 %	2,15 %	90,88 %	20,54 %	0,93 %
2017	89,16 %	2,95 %	91,05 %	22,19 %	1,56
2016	88,16 %	3,3%	95,24 %	23,53 %	2,63 %
2015	99,51 %	4,26 %	98,49 %	18,74 %	0,3%

Souces : OJK, 2022

Bank Mega Syariah's BOPO ratio was 99.51% in 2015, 2016, 2017 and 2018, decreased to 88.16% and increased again to 93.84%. This ratio does not meet Bank Indonesia standards, namely less than 92%. However, this is different from the ROA ratio which actually decreases every year, initially in 2015 it was 0.3%, in 2016 it fell to 2.63% and in 2018 it fell again to 0.93%. The lower the ROA ratio, The worse the Bank uses its assets as their profit level decreases. In terms of the NPF ratio, which is used to measure how much problematic financing has been disbursed by the Bank, this ratio tends to decrease from year to year.

Bank benefit is decided by variables that can be controlled by administration and exterior components administration control. Controllable components administration are illustrative components the bank's possess arrangements and administration choices, such as raising stores, capital administration, administration liquidity, and fetched administration. Whereas the components it exterior management's control incorporate natural variables and bank characteristics, natural components incorporate advertise structure, control, swelling, intrigued rates, and development showcaseThe initial rate in 2015 increased from 4.26% in 2016 to 3.3%, before returning to 2.15% in 2018. Increase this ratio shows that every year there is an increase in problematic financing from the total financing. In terms of the FDR ratio from 2015, 2016 and 2018 it tends to decrease respectively from 98.49% to 95.24% then again to 90.88% and it can be said that the Bank's liquidity is in a safe position as well as in 2017 and 2018 because in accordance with BI standards, namely 78-92%.

All the phenomena above show that Bank Mega Syariah is trying to be a healthy bank, even though there are increases and decreases every year. Based on the background description above, researchers want to know the level of profitability of Bank Mega Syariah. Therefore, researchers are interested in taking the title Analysis of the Influence of Profitability on Sharia Banking (Bank Mega Syariah 2015 - 2021)

RESEARCH METHODS

The method in this research is a quantitative research method. Quantitative research is based on positivistic (concrete data), research data in the form of numbers that will be measured using statistics as a calculation test tool, related to the problem being studied to produce a conclusion. (Sugiyono, 2013). Bank Mega Syariah's financial report for 2015-2021, which is accessed directly from the official website of Bank Indonesia and the Financial Services Authority (www.ojk.go.id), is the source of information used in this research.

The sampling technique used in this research is purposive sampling, namely determining the sample by selecting a sample from the population that matches the wishes of the experimenter so that the sample can represent the characteristics of the population. (Nursalam, 2013). The sample in this research is Bank Mega Syariah's financial report for 2015–2021.

RESULTS AND DISCUSSION

The Effect of BOPO on ROA

Based on partial research, Ho is accepted and H1 is rejected, with a BOPO value of tcount (-4.661) less than ttable (4.302), and a significance level of 0.043 less than 0.05. BOPO does not affect the dependent variable (ROA) and is not significant. Previous studies by Lidya Windiasari (2016) and Siti Sintya (2018) support this research, which found that BOPO had no impact on the profitability of Sharia Commercial Banks.

The operating expense ratio can be defined as the comparison between operating income and operating costs. Between 2015 and 2021, Bank Mega Syariah's average BOPO was 87.79%. A high BOPO ratio indicates that the bank is failing to manage its operations well, which results in decreased profitability. The lower the BOPO ratio indicates that the bank is working more efficiently, increasing the possibility of profit.

The Effect of CAR on ROA

Based on partial research, the researcher found that Ho was accepted and H1 was rejected, with a CAR value of: tcount (3.068) greater than t table (4.302), and a significance level of 0.092 greater than 0.05. The dependent variable (ROA) is not partially influenced by CAR. A previous study by Ahamad Syaugi (2015) supports this research, finding that CAR has no effect on ROA. Previous studies by Adi Santoso (2016) and Aditya Surya Nanda (2019) also found that CAR had no effect on ROA.

This is contrary to the researchers' idea that banks can finance operations and make a significant contribution to profitability if the CAR value is high. Bank Mega Syariah's capital condition is very good from 2015 to 2021; an average of 22.1% is well above the minimum CAR standard of 8%. This condition shows that banks depend on loans as a source of income, and they do not utilize the full potential of their capital to increase profitability.

The Effect of NPF on ROA

Based on partial research, Ho is accepted and H1 is rejected, because the NPF value is: t calculated (0.395) < ttable (4.302), and with a significance level of 0.731 greater than 0.05. The dependent variable (ROA) is not significantly influenced by the independent variable (NPF) partially. Previous research by Wenda Aprivianti Susilo Putri (2018) shows that NPF has no or significant effect on ROA.

The Effect of FDR on ROA

Based on partial research, Ho is accepted and H1 is rejected, with an FDR value of: tcount (2.664) is greater than ttable (4.302), and the significance level of 0.117 is greater than 0.05. The dependent variable (ROA) is not Significantly influenced by the independent variable (FDR). Previous studies by Wenda Apriviati Susilo (2018) showed that FDR had no effect on ROA, and Misbahul Munir (2019) found that FDR had no effect on profitability.

This is because the financing provided by Sharia banking does not run well and efficiently. So, non-current financing increases along with total banking financing.

CONCLUSION

Based on the results of research that

has been carried out on panel data that has been collected, namely Bank Mega Syariah's annual financial reports for 7 periods which have met the criteria by looking at ROA as the dependent variable and BOPO, CAR, NPF and FDR as independent variables. So the research results are as follows:

a. Based on the results of the partial t-test panel data test, it was found that the NPF variable had a value of tcount (0.395) < ttable (4.302) and a significance level of 0.731 > 0.05. Which means that partially NPF has no significant effect on ROA.

b. Based on the results of the partial t-test panel data test, it was found that the BOPO variable had a value of tcount (-4.661) < ttable (4.302), and a significance level of 0.043 > 0.05. Which means partially that BOPO has no significant effect on ROA.

c. Based on the results of the partial t-test panel data test, it was found that the CAR variable had a value of tcount (3.068) < ttable (4.302) with a significance level of 0.092 > 0.05. Which means that CAR does not have a significant effect on ROA.

Based on the results of the partial t-test panel data test, it was found that the FDR variable had a value of tcount (2.664) < ttable (4.302), and a significance level of 0.117 > 0.05. Which means partially that FDR has no significant effect on ROA

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