



The influence of Non Performing Financing (NPF), Financing to Deposit Ratio (FDR), and Operational Expenses on Operating Income (BOPO) on profitability of Bank Syariah Indonesia

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ABSTRACT

This study aims to determine the effect of financial ratios on the profitability of Bank Syariah Indonesia. The financial ratios used in this study are Non-Performing Financing (NPF), Financing to Deposit Ratio (FDR), and Operating Expenses to Operating Income (BOPO), as well as Return on Assets (ROA). With Time series data for the period 2018/1-2022/4. The method the researchers used was the quantitative method, using the NPF, FDR, and BOPO variables through the Classical Assumptions Test, Multiple Linear Regression, t-test, F-test, and R2-test. The data taken is secondary data from the financial statements of Bank Syariah Indonesia which are published by www.bankbsi.co.id to test the validity of the data. The results of the study showed that NPF and BOPO had a significant negative effect on ROA and FDR had a significant positive effect on ROA. Therefore, to increase the profit of Bank Syariah Indonesia, it is necessary to increase financing (increase FDR) with low risk (low NPF) and bank efficiency (lower BOPO).

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INTRODUCTION

The picture of bank performance is generally reflected in the financial statements. Financial reporting aims to provide stakeholders (users of financial reports) with useful information to help them make sound economic decisions (Dendawijaya, 2009). A bank's financial statements show the overall financial condition of the bank. From this report, it will be read how the actual condition of the bank, including its weaknesses and strengths (Slamet, 2006). This financial report also shows the performance of the bank's management during one period, the advantage of reading the management reports is that it can correct existing weaknesses and maintain its strengths (Ariyani, 2010). The financial statement analysis used is financial ratios. Based on the report, a ratio appears that will be used as the basis for assessing the condition of a bank, usually using a measuring

instrument, one aspect of earnings or profitability that measures the success of management in generating profits or profits from the bank's business operations (Agus, 2001).

Based on BI Circular Letter No/14/35/DPNP which is a follow-up to BI regulation No/14/14/PBI/2012 concerning transparency and publication of bank financial reports where banks are required to publish reports periodically to maintain public trust. In this study, researchers took the published financial reports of Bank Syariah Indonesia for the 2018-2022 period (Ghozali, 2006). The dynamics of the movement of Bank Syariah Indonesia's financial ratios for the 2018-2022 period are shown in the following table (van Horne & Wachowicz, 2005).

Based on Table 1, it can be seen that the ROA in the first quarter of 2021 to the first quarter of 2022 increased by 0.04%, the second quarter of 2021 to the second quarter of 2022 ROA fell by 0.03%, the ROA in the third quarter of 2021 to the third quarter of 2022 fell by 0.04%, in 2021 fourth quarter to fourth quarter 2022 ROA fixed. ROA has been set by BI at 1.5%, which can be seen from the data above. ROA in 2018 to the first quarter of 2019 has been based on BI provisions and the performance of Bank Syariah Indonesia is good, but from the second quarter of 2019 to the fourth quarter of 2022, the ROA is below BI standards. In the above data, NPF in the first quarter of 2021 to the first quarter of 2022 fell by 1.16%, ROA in the same period rose by 0.04%, NPF in the second quarter of 2021 to the second quarter of 2022 fell by 0.51%, ROA in the same period also decreased by 0.03%, NPF in quarter III 2021 to quarter III 2022 fell by 0.51%, ROA in that period fell by 0.04% and in quarter IV 2021 to quarter IV 2022 NPF fell by 0.42%, while ROA in the same period still. NPF based on BI regulations is below 5%, seen from 2018 to 2022 data NPF is in accordance with BI regulations, seen from 2021 to 2022 Bank Syariah Indonesia's NPF has decreased while ROA in that period has also decreased.

Referring to the BSI publication report, FDR in the first quarter of 2021 to the first quarter of 2022 fell by 2.41%, ROA in the same period increased by 0.04%, FDR in the second quarter of 2021 to the second quarter of 2022 fell by 2.28%, ROA in the same period also decreased by 0.03%, FDR in quarter III 2021 to quarter III 2022 fell by 2.11%, ROA in that period fell by 0.04% and in quarter IV 2021 to quarter IV 2022 FDR fell by 1.53%, while ROA in the same period remained the same. FDR based on BI provisions is at 85-110%, in 2018 it was good, but in the following year FDR decreased, as seen from 2021 to 2022 bank FDR decreased followed by ROA in the same period which has also decreased. The BOPO ratio in the first quarter of 2021 to the first quarter of 2022 fell by 0.62%, ROA in the same period rose by 0.04%, BOPO in the second quarter of 2021 to the second quarter of 2022 rose by 0.06%, ROA in the same period also increased by 0.03%, BOPO in quarter III 2021 to quarter III 2022 rose by 0.29%, ROA in that period fell by 0.04% and in quarter IV 2021 to quarter IV 2022 FDR rose 0.32%, while ROA in the same period remained the same. BOPO based on BI provisions is below 90%. Judging from the 2018 BOPO data it is good, but in the following year the bank's BOPO has increased, seen from 2021 to 2022 BOPO has fallen compared to the previous year, while ROA in the same period has decreased.

Based on the theory of financial ratios, the ratio of productive asset quality, one of which is Net Performing Financing (NPF), has a negative relationship to Return on Assets, where when the NPF is high, the ROA is low, if the NPF is low, the ROA is high, the bank's performance is good. The Financing to Deposit Ratio (FDR) is proxied to the bank's liquidity ratio, which has a positive relationship to Return on Assets (ROA) which is when FDR is high ROA is high and vice versa when FDR is low ROA is also low which will have an impact on the bank's financial performance. The efficiency of implementing bank performance can be seen from the ratio of Operational Costs and Operational Income BOPO has a negative relationship to ROA where when BOPO is high ROA is low, and when BOPO is low ROA is high, it has a good impact on the bank's performance.

However, it can be seen from the table above that the NPF ratio has a positive relationship to ROA, when NPF is low in some periods ROA is also low. The FDR ratio seen in the table has a positive relationship to ROA, but FDR is below BI standards in several periods, when FDR is low ROA is also low, while the BOPO ratio also has a positive effect on ROA, which is when the BOPO

ratio is already low. compared to the previous year ROA was also low. There has been an inconsistency between theory and reality in the field, where the above variables do not affect linearly according to theory, but sometimes conflict with theory in a fluctuating manner. So based on the background above, with financial performance that still needs to be considered again such as a high NPF number which has an impact on the bank's ROA, FDR is also low and then BOPO is still high in several periods of Bank Syariah Indonesia.

RESEARCH METHOD

This research uses a quantitative method with a descriptive research type. This study describes the causal relationship between the selected variables through hypothesis testing. According to Imam (2011), comparative causal research is a type of research with problem characteristics in the form of a causal relationship between two or more variables. The population is a generalization area consisting of objects or subjects that have certain qualities determined by researchers to be studied and then conclusions drawn (Rahmani & Ahmadi, 2016). The population in this study is from the period when Bank Syariah Indonesia (BSI) started operating, namely from 2018 to 2022. The sample is part of the population being studied and is considered to be able to describe the population. The sample in this study is the period from 2018 in the first quarter to 2022 in the fourth quarter. The testing tool used in this study is multiple regression analysis. The classic assumption test includes the normality test, heteroscedasticity test, multicollinearity test, and autocorrelation test. As well as hypothesis testing which includes simultaneous testing, partial testing, and the coefficient of determination.

RESULTS AND DISCUSSIONS

Analysis Results

Based on the results of multiple regression analysis, classical assumption test, and hypothesis testing, the results obtained are as follows:

Table 1. Results of Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	5.555	.557		9.971	.000
NPF	-.081	.032	-.133	-2.539	.016
FDR	.015	.004	.102	3.543	.001
BOPO	-.060	.004	-.802	-13.786	.000

a. Dependent Variable: ROA

Source: Processed Results of SPSS

In the table above, the multiple linear regression equation is obtained from the unstandardized coefficients beta column as follows:

$$ROA = 5,555 - 0,081 NPF + 0,015 FDR - 0,060 BOPO + e$$

Classic Assumption Test

Before testing the regression model, it is necessary to test the assumptions on the regression model so that it can be analyzed and provide representative results or obtain an analysis model that is unbiased and efficient, so the model must meet the basic classical assumptions, namely meeting the assumptions of residual normality and not having symptoms of autocorrelation, multicollinearity, and heteroscedasticity.

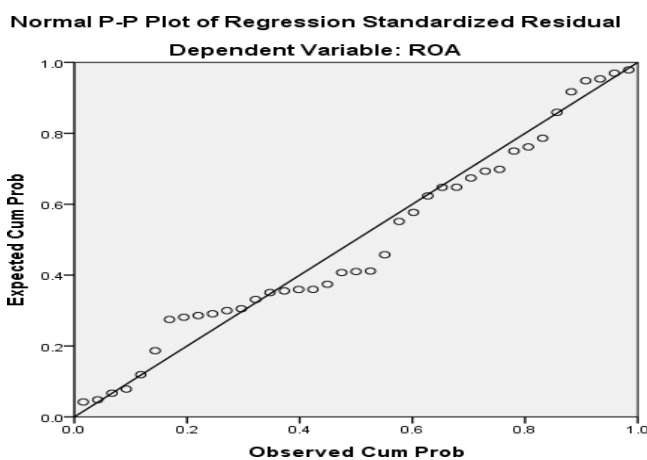


Figure 1. P-P Plot Graph
Source: Processed results of SPSS

Based on the picture above, the normal probability plot graph shows that the distribution of residuals follows the existing diagonal line, so it can be concluded that the residuals are normally distributed.

Heteroscedasticity Test

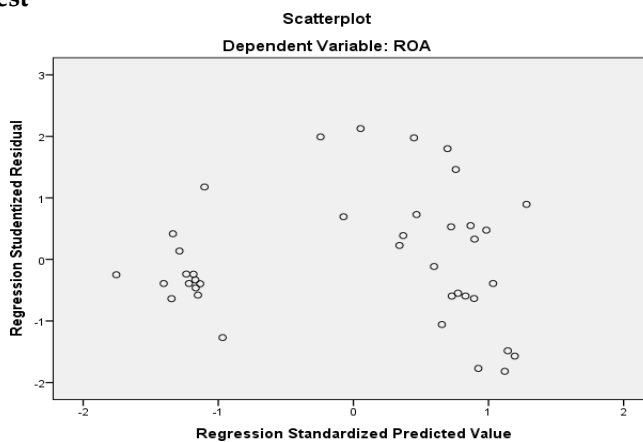


Figure 2. Residual Scatterplots
Source: Processed results of SPSS

Based on the scatterplot image above, it can be seen that the points spread above and below the number 0 on the Y-axis. It can be said that in this study there was no heteroscedasticity.

Multicollinearity Test

Table 2. Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
NPF	.191	5.247
FDR	.628	1.592
BOPO	.154	6.481

a. Dependent Variable: ROA

Source: Processed results of SPSS

Based on the table above, it can be seen that each independent variable has a Tolerance value that is greater than 0.1 and each of these variables also has a VIF value that is less than 10. So it can

be ascertained that with a TOL value ≥ 0.1 and $VIF \leq 10$, this research does not experience multicollinearity.

Autocorrelation Test

Table 3. Test Run Test

Runs Test	
Unstandardized Residual	
Test Value ^a	-.02431
Cases < Test Value	19
Cases \geq Test Value	20
Total Cases	39
Number of Runs	20
Z	.000
Asymp. Sig. (2-tailed)	1.000

a. Median

Source: Processed results of SPSS

From the results of the Run test above, it can be seen that the Asymp. Sig. (2-tailed) is greater than α , namely $1.000 > 0.05$. So it can be concluded that through the Run test, the data in this study did not experience autocorrelation.

Hypothesis Test

Simultaneous Significance Test

Table 4. Simultaneous Significance Test Results

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.443	4	5.361	470.294	.000 ^b
	Residual	.388	34	.011		
	Total	21.830	38			

a. Dependent Variable: ROA

b. Predictors: (Constant) NPF, FDR, BOPO

Source: Processed results of SPSS

Based on the table above, the calculated F value of the data test results is 470.294 with a significant value of 0.000. The calculated F significance value obtained (0.000) is less than the 5% significance level, meaning that H_0 is rejected. It can be concluded that NPF, FDR, and BOPO simultaneously have a significant effect on ROA.

Partial Significance Test

Table 5. Partial significance test results

Model	Unstandardized Coef		Standardized Coef		T
	B	Std. Error	Beta		
1 (Constant)	5.555	.557			9.971
NPF	-.081	.032		-.133	-2.539
FDR	.015	.004		.102	3.543
BOPO	-.060	.004		-.802	-13.786

a. Dependent Variable: ROA

Source: Processed results of SPSS

Based on the calculated t value and degrees of freedom of 34 and a significance level of 5%, the results are:

1. NPF has a negative effect on ROA, which means that H_0 is rejected and H_a is accepted
2. FDR has a positive effect on ROA, which means that H_0 is rejected and H_a is accepted
3. BOPO has a negative effect on ROA, which means that H_0 is rejected and H_a is accepted.

Coefficient of Determination

Table 6. The Coefficient of Determination (R2)

Model	R	R Square	Adjusted R Square	Model Summary ^b	
				Std. Error of the Estimate	Durbin-Watson
1	.991 ^a	.982	.980	.10676	1.466

a. Predictors: (Constant), NPF, FDR, BOPO

b. Dependent Variable: ROA

Source: Processed results of SPSS

In the table above it can be seen that the value of R2 is 0.982. This shows that the variation in the ROA of Bank Syariah Indonesia (BSI) can be explained by an equation model of 98.2% with the independent variables NPF, FDR, and BOPO. While the remaining 1.8% is influenced by other factors.

Discussion

Based on the test results above, shows that FDR, NPF, and BOPO affect the profitability (ROA) of Bank Syariah Indonesia (BSI). In the results of the coefficient of determination, the adjusted R square (R2) value is 0.980. This shows that NPF, FDR, and BOPO can explain the profitability (ROA) of 98.2% through the equation model. While the remaining 1.8% is influenced by other factors outside the research.

Effect of NPF on Profitability

The results of the analysis show that NPF has a significant negative effect on ROA. This means that the higher the NPF value, the lower the BSI profitability will be. Conversely, the lower the NPF value, the higher the profitability. The higher the NPF, the bigger the financing problem. With the large number of problematic financing that occurs, the profits obtained by the bank will be smaller as well as ROA. To increase profits, this can be done by controlling financing and selecting customers so that there are no large problems with financing.

Effect of FDR on Profitability

The results of the analysis show that FDR has a significant positive effect on the ROA of Bank Syariah Indonesia (BSI). This means that the higher the FDR value, the higher the profitability of BSI. The higher the FDR, the greater the use of bank funds channeled in the form of funding. The more financing provided, the greater the security deposit received (for murabahah contracts) and profit sharing received (for mudharabah and musyarakah contracts), so the greater the profit received, the greater the ROA.

Effect of BOPO on Profitability

The results of the analysis show that BOPO has a significant negative effect on ROA. The smaller the BOPO means the more efficient the operational costs incurred by the bank so the possibility of a bank in a troubled condition is getting smaller. The higher the operational efficiency achieved by the bank means the more efficient the bank's activities are in generating profits. This means that the greater the BOPO, the greater the probability that the bank will be in trouble so the bank's profitability decreases. Bank Indonesia stipulates that the amount of BOPO does not exceed 90%, if the BOPO ratio exceeds 90% it is categorized as inefficient.

CONCLUSION

Based on the results of research and discussion, the conclusions obtained are NPF has a negative influence on the ROA of Bank Syariah Indonesia (BSI). An increase in the level of non-performing

financing will reduce bank profits. This happens when the channeled financing experiences problems so that profits decrease as a result of the funds being disbursed are not returned. In this research, the NPF value is in a safe position, namely below 5% according to Bank Indonesia regulations. With a low NPF value, it can be said that the problematic financing that occurs is very small so the profits obtained by the bank can increase. FDR has a positive influence on the ROA of Bank Syariah Indonesia (BSI). This shows that the financing channeled by Bank Syariah Indonesia (BSI) can increase profits for the bank. It can be said that the financing provided by the bank is very effective so the amount of non-performing financing is small. BOPO has a negative influence on the ROA of Bank Syariah Indonesia (BSI). Islamic Bank's operational activities can affect the level of bank profits. If the bank can control the operational costs incurred, then the bank in troubled conditions will be smaller so that it can increase bank profits.

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