



The Effect Of Third Party Funds, Credit Risk, Loan To Deposit Ratio And Capital Structure On Profitability In Banking Companies Listed On The Indonesia Stock Exchange

Revi Arfamaini

Widya Kartika Surabaya University

arfamaini@gmail.com

Abstract

A healthy or unhealthy bank can be seen from its profitability by measuring return on assets. The purpose of this research is to test the influence of Third Party Funds, Credit Risk, Loan To Deposit Ratio and Capital Structure on Profitability in Banking Companies Listed on the Indonesia Stock Exchange for the 2015-2019 period. The quantitative approach processes statistical data using multiple linear regression. This type of research is quantitative and causal in nature. The population in this study are 43 banking companies listed on the Indonesia Stock Exchange for the 2015-2019 period. The sample is 22 banks. The results of the research are Third Party Funds, Credit Risk, Loan To Deposit Ratio has no effect on Profitability in Banking Companies Listed on the Indonesia Stock Exchange Period 2015-2019. Capital Structure Influences Profitability in Banking Companies Listed on the Indonesia Stock Exchange for the 2015-2019 Period. Third Party Funds, Credit Risk, Loan To Deposit Ratio and Capital Structure Affect Profitability of Banking Companies Listed on the Indonesia Stock Exchange for the 2015-2019 Period.

Keywords: Third Party Funds, Credit Risk, Loan To Deposit Ratio, and Capital Structure Profitability.

INTRODUCTION

The health of the bank reflects the current and future condition of the bank. Healthy bank or unhealthy can be seen from the profitability by measuring the return on assets. Bank performance is measured by return on assets as a determinant where BI sees profit as measured by assets, where most of the funds come from public deposits. Big return on assets get increased from the profits achieved by the bank with the use of good



assets. The several factors that affect the profitability of a bank include third party funds, credit risk, Loan to Deposit Ratio and capital structure.

Activities to collect bank funds are mostly sourced from customer deposits in the form of demand deposits, savings deposits, and time deposits. These customer deposits are often called Third Party Funds (DPK). Growing Third Party Funds (DPK) so that profitability can be increased.

Banking activities in general cannot be separated from credit risk, usually called non-performing loans. Non-performing loans can be measured by their collectability, which is the percentage of non-performing loans or bad credit to the total loans issued by the bank.

The management in dealing with the level of bad loans, the bank must also continue to increase the return on assets because with a high level of profitability, the bank generates good prospects to be able to attract customers and investors. Bad loans that occur in banks need to be controlled because high bad loans also have an impact on profitability and then affect operational activities.

The Loan To Deposit Ratio (LDR) ratio is used to measure a bank's ability to pay off its debts and pay back its depositors, as well as to be able to fulfill credit requests submitted. The large amount of credit disbursed will determine the profitability of the bank, if the bank is unable to extend credit while there are a lot of funds raised, it will cause the bank to suffer losses. The greater the amount of credit given, the greater the risk that must be borne by the bank. The Loan to Deposit Ratio (LDR) is used as a comparison ratio between the amount of funds channeled to the public in the form of credit. Loan to

High Deposit Ratio can increase profitability. Banking activities, especially in the capital structure where the banking capital structure comes from internal and external parties. Usually a high capital structure of a company can increase its profitability. Banking has a low capital structure, of course the profitability is also low.

Third party funds PT. Bank CIMB Niaga, Tbk in 2018 Rp 45,857,151,000,000 decreased from 2017 with profit before tax in 2018 of IDR 4,850,818,000,000 increased from 2017. PT. Bank Mega, Tbk in 2018 IDR 458,672,000,000 increased from 2017 with profit before tax in 2018 IDR 2,002,021,000,000 with profit before tax in 2018 IDR 2,002,021,000,000, an increase from 2017. Total credit of PT. Bank Windu Kentjana Internasional, Tbk in 2017 Rp 10,109,907,000,000 increased from 2016 with profit before tax in 2017 Rp 75,317,000,000 decreased from 2016. The total debt of PT. Bank

Windu Kentjana Internasional, Tbk in 2018 IDR 13,476,317,000,000 increased from 2017 with profit before tax in 2018 IDR 135,618,000,000 increased from 2017.

Based on the description above, the purpose of this study was to analyze the influence of Third Party Funds, Credit Risk, Loan To Deposit Ratio and Capital Structure on Profitability in Banking Companies Listed on the Indonesia Stock Exchange for the 2015-2019.

LITERATURE ANALYSIS AND METHODOLOGY

Effect of Third Party Funds on Profitability

(Nurhasanah, 2014), bank management continues to strive to increase the number of deposits originating from the community, because the greater the number of deposits (DPK) of a bank, the more sources of funds from banks to channel back to the community in the form of credit. Thus, the level of profitability that will be obtained from loan interest (interest rate) will increase.

According to (Husaeni, 2017), Third Party Funds collected by banks will generate profits, or it can be said that an increase in the amount of Third Party Funds has a positive effect on profit (ROA).

(Novita and Sofie, 2015), the company's capital structure which tends to be dominated by debt will increase the interest expense borne by the company so that the profit earned will be small, but the taxes that must be paid by the company are also small, and vice versa, the company's capital structure which tends to be dominated by Own capital will reduce the interest expense borne by the company so that the profits will be large, but the taxes that must be paid by the company are also large.

Effect of Credit Risk on Profitability

(Herlina, Nugraha and Purnamasari, 2016), Credit risk can be seen from the Non Performing Loan (NPL) ratio which is used to measure the ability of bank management to manage problem loans provided by banks. The higher the Non-Performing Loan (NPL) ratio, the worse the quality of bank credit which causes the number of non-performing loans to increase and cause losses, conversely if the lower the Non-Performing Loan (NPL), the bank's profit or profitability (ROA) will increase.

(Pratiwi and Wiagustini, 2015), if the greater the NPL, the lower the ROA, the bank's financial performance will decrease. And vice versa, if the NPL decreases, the ROA will increase, so that the bank's financial performance can be said to be getting better.

(Dewi and Srihandoko, 2018), If a bank has a high NPL, it will increase costs, both the cost of backing up productive assets and other costs, in other words the higher the NPL of a bank, this will disrupt the bank's performance.

The Effect of Loan To Deposit Ratio on Profitability

(Sufitrayati, Mahdi and Nelly, 2019), these funds are channeled by banks to a number of productive assets which provide benefits to banks, especially in the form of lending.

(Prasetyo and Darmayanti, 2015) The higher the level of Loan to Deposit Ratio at a bank indicates that the amount of credit extended is maximal. If the bank is able to distribute credit to the maximum but still maintain the Loan to Deposit ratio at a safe limit of 78-100 percent, then the profitability achieved will be maximized.

Sugiantari and Dans (2019), the higher the LDR/Loan to Deposit Ratio of a bank, the the greater the credit extended, which will increase the bank's interest income and will result in an increase in profits.

Effect of Capital Structure on Profitability

(Swastika and Isharijadi, 2017), Using a certain amount of debt in normal economic conditions will increase profitability.

(Prabowo and Sutanto, 2019), Capital structure (DER) here has a negative effect on ROA, which means that the higher the DER owned by the company, the degree of utilization in using capital to gain profits decreases.

(Novita and Sofie, 2015), the company's capital structure which tends to be dominated by debt will increase the interest expense borne by the company so that the profit earned will be small, but the taxes that must be paid by the company are also small, and vice versa, the company's capital structure which tends to be dominated by Own capital will reduce the interest expense borne by the company so that the profits will be large.

The quantitative approach processes statistical data using linear regression double. This type of quantitative research and its causal nature.

Population and Sample

According to (Tersiana, 2018), the population is the entire research subject. The population in this study are 43 banking companies listed on the Indonesian Stock Exchange Period 2015-2019.

Table 1 Research Samples

No	Criteria	Number of Samples
1.	Banking Companies Listed on the Indonesia Stock Exchange Period 2015-2019.	43
2.	Delisted banking companies listed on the Indonesia Stock Exchange during the 2015-2019 period.	(13)
	Banking companies that have negative profits during consecutive period 2015-2019.	(7)
	Banking companies that provide complete data regarding the variables used in this research during the 2015-2019 period	(1)
	Total 22	22
	Total sample (5 x 22 companies)	12
		5

Source: www.idx.co.id**Data collection technique**

Data collection techniques with documentation and literature review. Documentation was carried out to obtain banking financial reports and literature review to obtain theories that support this research.

Types and Sources of Research Data

Types of research data quantitative data. Secondary data sources to obtain this research data.

Classic assumption test**Normality test**

According to (Ghozali, 2016) the normality test aims to test the residuals having a normal distribution. In this study, two methods were used to detect normality, namely: Graphical Analysis, Statistical Analysis.

Multicollinearity Test

According to Ghozali (2016: 103) the multicollinearity test aims to test whether the model

regression found a correlation between independent variables (independent). Tolerance value ≤ 0.10 or the same as VIF value ≥ 10 .

Heteroscedasticity Test

According to (Ghozali, 2016), heteroscedasticity is a condition where there is an inequality of variance from the residuals for all observations in the regression model. How to look at the Scatterplot chart

Autocorrelation Test

According to (Ghozali, 2016) Autocorrelation will occur if the emergence of a data is influenced by previous data.

Research Data Analysis Model

Research Model

Multiple linear regression analysis in this study is as follows: $Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e$

Information:

Y = Profitability a = Constant

b₁, b₂, b₃, b₄, b₅ = Regression State

X₁ = Third Party Fund Variable

X₂ = Credit Risk Variable

X₃ = Variable Loan to Deposit Ratio

X₄ = Capital Structure Variable e = Estimation

Simultaneous Hypothesis Testing

According to (Hantono, 2017) the F test is used to test whether the independent variables jointly affect the dependent variable. The basis for decision making in the F test is based on the calculated F value from the F table:

- F_{count} < F_{table}, the independent variables simultaneously affect the dependent variable.
- F_{count} > F_{table}, the independent variables simultaneously have no effect on the dependent variable

Partial Hypothesis Testing

According to Hantono (2017: 74) the t test is used to test the independent variables affect the dependent variable. Basis for decision making:

- tcount > ttable, the independent variable partially influences the variable dependent.
- tcount < ttable, the independent variable partially has no effect on the dependent variable.

Determinant Coefficient (R²)

According to (Ghozali, 2016) the coefficient of determination (R²) basically measures how far the model's ability to explain the variation of the dependent variable.

RESEARCH AND RESULTS

Research result

The data is processed through SPSS with descriptive data first then the classic assumptions and finally the hypothesis.

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
DPK	110	55.67	947.67	100.9734	103.77960
NPL	110	.00	7.66	1.7436	1.20116
LDR	110	50.43	167.23	89.1641	15.73557
DER	110	1.59	14.75	5.9341	2.41166
ROA	110	.11	3.97	1.7909	.96749
Valid sNs(listwise)	110				

Source: SPSS rocessed ata (2021)

1. Third Party Funds with a minimum value of 55.67, a maximum value of 947.67, a mean value of 100.9734 and a standard deviation of 103.77960

2. Credit risk with a minimum value of 0.00, a maximum value of 7.66, a mean value of 1.7436 and a standard deviation of 1.20116.
3. Loan To Deposit Ratio with a minimum value of 50.43, a maximum value of 167.23, a mean value 89.1641 and a standard deviation of 15.73557.
4. Capital Structure with a minimum value of 1.59, a maximum value of 14.75, a mean value of 5.9341 and a standard deviation of 2.41166.
5. Profitability with a minimum value of 0.11, a maximum value of 3.97, a mean value of 1.7909 and a standard deviation of 0.96749.

Classic Assumption

Normality

The normality of the test with the histogram graph is presented:

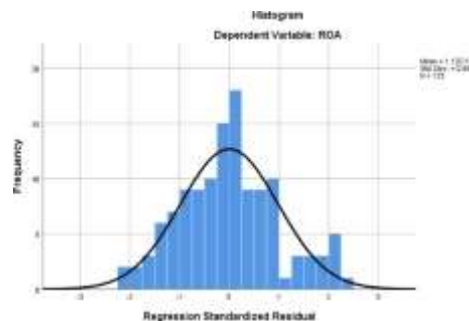


Figure 1. Histogram

This histogram is in the form of an inverted bell, indicating normal data.

Multicollinearity Test

The multicollinearity of VIF conditions < 10 and tolerance > 0.1 is presented:

Table 3. Multicollinearity Test Results

		Collinearity Statistics	
Model		Tolerance	
VIF			
1	(Constant)		
	DPK	.99	1.00
	NPL	.97	1.02
	LDR	.96	1.03
	DER	.94	1.06

All of the variables meet the tolerance requirements > 0.1 and $VIF < 10$ not multicollinearity.

Autocorrelation Test

Autocorrelation with the condition $du < dw < 4 - du$,

Table 4. Autocorrelation Test Results

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.404 ^a	.16	.135	.89979	2.11

a. Predictors: (Constant), DER, DPK, NPL, LDR

b. Dependent Variable: ROA

$dw = 2.110$, $N=100$, $du = 1.7553$, $du < dw < 4 - du$, $1.7553 < 2.110 < 4 - 1.7553$ to $1.7553 < 2.110 < 2.22447$ the data has no autocorrelation.

Heteroscedasticity Test

The presentation of the heteroscedasticity scatterplot is;

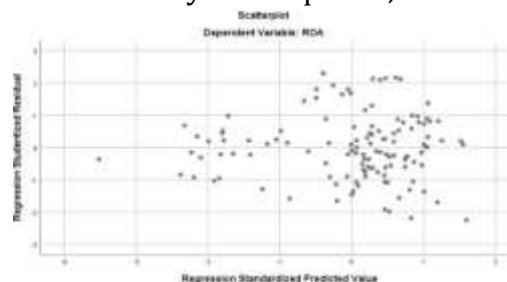


Figure 2. Scatterplots

The dots spread randomly and do not form patterns on the scatterplot indicating that there is no heteroscedasticity.

Results of Data Analysis

Multiple Linear Regression Analysis

Multiple linear regression analysis is used to predict changes (rises and falls) in the dependent variable that are explained by two or more independent variables. The results of multiple regression analysis are seen in table 5 below

Table 5. Results of Multiple Linear Regression Analysis

Coefficient						
sa						
		Unstandardized Coefficients			Standardized Coefficients	
		Beta	t	Sig.		
Model	R	Std. Error				
1	(Consta	2.643	.567		4.66	.000
	DPK	.000	.001		.046	.552 .582
	NPL	-.079	.068		-.098	- .248
	LDR	.001	.005		.021	.242 .809
	DER	-.147	.035		-.366	- .000

$$ROA = 2.643 + 0.000 \text{ DPK} - 0.079 \text{ NPL} + 0.001 \text{ LDR} - 0.147 \text{ DER}$$

1. Constant 2.643 means Third Party Funds, Credit Risk, Loan To Deposit Ratio and Structure Capital is considered zero with a Profitability of 2.643.
2. Third Party Funds 0.000 means an increase in Third Party Funds by one unit Profitability increased by 0.000.
3. Credit Risk -0.079 means an increase in Credit Risk by one unit, then Profitability decreased 0.079.
4. Loan To Deposit Ratio 0.001 means an increase in the Loan To Deposit Ratio by one unit Profitability increased 0.001.
5. Capital Structure -0.147 means an increase in Capital Structure of one unit, so Profitability decreased 0.147.

Coefficient of Determination (R^2)

The coefficient of determination measures how well the independent variable can explain the dependent variable:

Table 5. Coefficient of Determination

ModelSummary ^b					
Model	R	R	Adjusted R	Std. Error of the	Durbin-
1	.404a	.163	.135	.89979	2.11

a. Predictors: (Constant), DER, DPK, NPL, LDR

b. Dependent Variable: ROA

Research on the effect seen from the adjuster R Square is 0.135 or 13.5% on profitability with the remaining 86.5% influenced by other variables not examined.

Simultaneous Hypothesis Testing (Statistical Test F)

The F test is used to test whether the independent variables jointly affect the dependent variable;

Table 6. Statistical Test Results F

ANOVA ^a					
Model		Sum of Squares	df	Mean Square	F
1	Regression	18.9	4	4.728	5.84
	Residual	97.1	105	.810	
	Total	116.067	109		

a. Dependent Variable: ROA

b. Predictors: (Constant), DER, DPK, NPL, LDR

1. Third Party Funds tcount = 0.552, sig = 0.582, ttable (125-5=120) = 1.979, tcount < ttable, 0.552 < 1.979 H0 accepted, Ha rejected indicated Third Party Funds have no effect on Profitability of Banking Companies Listed on the Indonesia Stock Exchange Period 2015-2019.
2. Credit Risk tcount = -1.161, sig = 0.248, ttable 1.979 -tcount > -ttable, -1.161 > -1.979 H0 is rejected, Ha is accepted indicated Credit Risk has no effect on Profitability in Banking Companies Registered on the Indonesia Stock Exchange Period 2015- 2019.
3. Loan To Deposit Ratio tcount = 0.242, sig = 0.809, ttable 1.979, tcount < ttable, 0.242 < 1.979 H0 is accepted, Ha is rejected indicated Loan To Deposit Ratio has no effect on Profitability in Banking Companies Registered on the Indonesia Stock Exchange Period 2015-2019.
4. Capital Structure tcount = -4.248, sig = 0.000, ttable 1.979, -tcount < -ttable, -4.248 < -1.979 H0 is accepted, Ha is rejected, it is shown that Capital Structure has an effect on Profitability to Banking Companies Listed on the Indonesia Stock Exchange for the 2015-2019 period.

Effect of Third Party Funds on Profitability

The results of this study are that Third Party Funds have no effect on Profitability in Banking Companies Listed on the Indonesia Stock Exchange for the 2015-2019 period. The research results are inconsistent with (Husaeni, 2017), Third Party Funds collected by banks will generate profits, or it can be said that an increase in the amount of Third Party Funds has a positive effect on profit (ROA).

Effect of Credit Risk on Profitability

The results of this study are that credit risk has no effect on profitability in banking companies listed on the Indonesia Stock Exchange for the 2015-2019 period. The results of this study are inconsistent with (Pratiwi and Wiagustini, 2015), if the greater the NPL, the lower the ROA, the lower the bank's financial performance. And vice versa, if the NPL decreases, the ROA will increase, so that the bank's financial performance can be said to be getting better.

The Effect of Loan To Deposit Ratio on Profitability

The results of this study are the Loan To Deposit Ratio has no effect on Profitability of Banking Companies Listed on the Indonesia Stock Exchange 2015-2019. The results of this study are inconsistent (Sugiantari and Dans, 2019), the higher the LDR/Loan to Deposit Ratio of a bank, the greater the credit extended, which will increase the bank's interest income and will result in an increase in profits.

Effect of Capital Structure on Profitability

The results of this study are that Capital Structure has an effect on Profitability in Banking Companies Listed on the Indonesia Stock Exchange for the 2015-2019 period. The results of this study are consistent (Prabowo and Sutanto, 2019), Capital structure (DER) here has a negative effect on ROA, which means the higher the DER owned by the company, the degree of utilization in using capital to gain profits decreases.

CONCLUSION AND RECOMMENDATIONS

Based on the research results, it can be concluded as follows:

1. Third Party Funds have no effect on Profitability of Banking Companies Listed on the Indonesia Stock Exchange for the 2015-2019 Period.
2. Credit risk has no effect on profitability in banking companies Listed on the Indonesia Stock Exchange for the 2015-2019 period.

3. Loan To Deposit Ratio has no effect on Profitability in the Company Banking Listed on the Indonesia Stock Exchange for the 2015-2019 period.
4. Capital Structure influences Profitability in Banking Companies Listed on the Indonesia Stock Exchange for the 2015-2019 period.
5. Third Party Funds, Credit Risk, Loan To Deposit Ratio and Capital Structure are influential Against Profitability in Banking Companies Listed on the Indonesia Stock Exchange Period 2015-2019.

REFERENCES

- Dewi dan Srihandoko. (2018). Pengaruh Risiko Kredit dan Risiko Likuiditas Terhadap Profitabilitas Bank Studi Kasus pada Bank BUMN Periode 2008 - 2017. *Jurnal Ilmiah Manajemen Kesatuan*. 6(3). 2018. Sekolah Tinggi Ilmu Ekonomi Kesatuan Bogor, Indonesia.
- Fahmi, Irham. (2014). Pengantar Manajemen Keuangan. Bandung : Penerbit Alfabeta.
- Ghozali, Imam. (2016). Aplikasi Analisis Multivariate Dengan Program IBM SPSS 23. Semarang : Badan Penerbit Universitas Diponegoro
- Hantono. (2017). Konsep Analisa Laporan Keuangan dengan Pendekatan Rasio & SPSS. Cetakan Pertama. Yogyakarta : Deepublish (CV. Budi Utama).
- Hasibuan, Malayu. (2015). Dasar-dasar Perbankan. Jakarta : PT Bumi Aksara.
- Herlina, Nugraha dan Purnamasari. (2016). Pengaruh Risiko Kredit Terhadap Profitabilitas (Studi Kasus Pada Bank Umum Swasta Nasional Devisa Tahun 2010-2014). *Journal of Business Management and Entrepreneurship Education*. 1(1), : 31-36. Universitas Pendidikan Indonesia
- Husaeni. (2017). Analisis Pengaruh Dana Pihak Ketiga Dan Non Performing Financing Terhadap Return On Asset Pada BPRS Di Indonesia. *Equilibrium: Jurnal Ekonomi Syariah*. 5(1), : 1-16. P-ISSN: 2355-0228, E- ISSN: 2502-8316. Universitas Suryakencana, Cianjur, Jawa Barat. Ikatan Bankir Indonesia. (2015). Manajemen Risiko Kedua. Ed.1, Jakarta : PT Gramedia Pustaka Utama.
- Ikatan Bankir Indonesia. (2016). Memahami Bisnis Bank. Jakarta : PT Gramedia Pustaka Utama. Ismail. (2016). Manajemen Perbankan Dari Teori Menuju Aplikasi. Jakarta : Prenadamedia Group.
- Kasmir. (2014). Analisis Laporan Keuangan. Jakarta : Penerbit Rajagrafindo Persada.



- Novita dan Sofie. (2015). Pengaruh Struktur Modal Dan Likuiditas Terhadap Profitabilitas. e- Journal Akuntansi Trisakti. 2(1) Februari 2015. ISSN : 2339-0832.
- Nurhasanah. (2014). Pengaruh Assets Growth Dan Dana Pihak Ketiga Terhadap Profitabilitas Perbankan Yang Listing Di Bursa Efek Indonesia (BEI) Dengan Kecukupan Modal Sebagai Pemoderasi. Jurnal Magister Akuntansi. ISSN 2302- 0164. 3(3), Agustus 2014. Universitas Syiah Kuala BandaAceh
- Prabowo dan Sutanto. (2019). Analisis Pengaruh Struktur Modal, dan Likuiditas terhadap Profitabilitas pada Perusahaan Sektor Otomotif di indonesia. Jurnal Samudra Ekonomi Dan Bisnis. 10(1) Januari 2019. E-ISSN 2614-152. Universitas Ahmad Dahlan, Yogyakarta.
- Prasetyo dan Darmayanti. (2015). Pengaruh Risiko Kredit, Likuiditas, Kecukupan Modal Dan Efisiensi Operasional Terhadap Profitabilitas Pada PT BPD Bali. E- Jurnal Manajemen Unud. 4(9), 2015: 2590- 2617. ISSN : 2302-8912. Universitas Udayana (Unud), Bali-Indonesia.
- Pratiwi dan Wiagustini. (2015). Pengaruh CAR, BOPO, NPL Dan LDR Terhadap Profitabilitas perusahaan perbankan di Bursa Efek Indonesia. E-Jurnal Manajemen Unud. 5(4). Universitas Udayana (Unud), Bali, Indonesia.
- Parenrengi dan Hendratni. (2018). Pengaruh dana pihak ketiga, kecukupan modal dan penyaluran kredit terhadap profitabilitas bank. JMSAB. Vol 1, No.1, Desember 2018. Universitas Pancasila, Jakarta, Indonesia.
- Sudana, I Made. (2015). Teori & Praktik Manajemen Keuangan Perusahaan. Jakarta : Erlangga.
- Sufitrayati, Mahdi dan Nelly. (2019). Pengaruh Struktur Modal dan Likuiditas terhadap Profitabilitas pada Perusahaan Perbankan. SI-MEN Manajemen STIES. 10(1) (2019). Universitas Serambi Mekkah
- Sugiantari dan Dans. (2019). Pengaruh Loan To Deposit Ratio, Net Interest Margin Dan Inflasi Terhadap Profitabilitas PT. Bank Pembangunan Daerah Bali periode 2009-2017.E-Jurnal Manajemen, 8(11), 2019 : 6509-6532. ISSN: 2302-8912. Universitas Udayana (Unud), Bali, Indonesia.
- Sujarweni, V. Wiratna. (2017). Analisis Laporan Keuangan Teori, Aplikasi dan Hasil Penelitian. Yogyakarta : Pustaka Baru Press.
- Swastika dan Isharijadi. (2017). Pengaruh Struktur Modal Dan Pertumbuhan Pendidikan Akuntansi - Universitas PGRI Madiun. 5(1). Madiun, Oktober 2017. e-ISSN: 2337-9723. Universitas PGRI Madiun.
- Tersiana, Andra. (2018). Metode Penelitian. Yogyakarta : Start Up.





Wira, Desmond. (2015). Analisis Fundamental Saham. Edisi Kedua. Jakarta : Penerbit Ex-ceed

