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The Effect Of Third-Party Funds (Dpk), *Capital Adequacy Ratio* (Car), *Return On Assets* (Roa), And *Return On Equity* (Roe) On Financing In Btpn Syariah

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Abstract

The banking industry plays an important role in a country's economy, functioning as an intermediary institution and managing risks associated with financing. This study aims to evaluate the influence of Third Party Funds (DPK), Capital Adequacy Ratio (CAR), Return On Assets (ROA), and Return On Equity (ROE) on financing in BTPN Syariah. The data used is a quarterly time series data for 10 years, from the fourth quarter of 2014 to the fourth quarter of 2023, following the availability of data on the BTPN Syariah website after becoming a Sharia Commercial Bank (BUS) in July 2014. This study uses the Error Correction Model (ECM) to handle non-stationary data and prevent regression, as well as multiple linear analysis with the Ordinary Least Squares (OLS) method to test the influence of variables. The results of the study showed that deposits had a positive and significant effect on financing, CAR had a positive but not significant effect. ROA also had a positive but not significant effect. ROE has a negative and insignificant effect on financing.

Keywords: The Influence of Third Party Funds (DPK), Capital Adequacy Ratio (CAR), Return On Assets (ROA), and Return On Equity (ROE), BTPN Syariah

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INTRODUCTION

In the economic system, the banking industry plays an important role by collecting funds from the public to be channeled as credit or financing, which contributes to improving the quality of life. Banking is divided into two types: conventional and sharia. Islamic banks follow Islamic principles, avoiding the practice of usury, which is common in conventional banking. The development of Islamic banks in Indonesia can be seen from the increase in the number of Islamic banks in recent years, as shown in Figure 1.

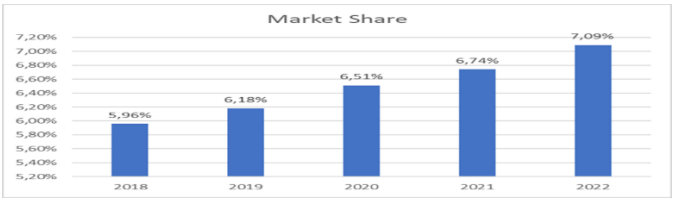
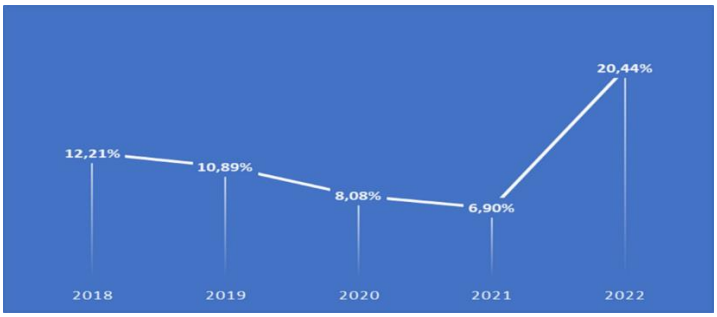


Figure 1 Sharia Banking Market Share for the 2018-2022 Period
Source : Financial Services Authority, 2018-2022, processed

Data from the Financial Services Authority (OJK) shows that between 2018-2022, the market share of Islamic banks in general experienced an upward trend, with no decline even during and after the COVID-19 pandemic. The largest increase occurred between 2021 and 2022, from 6.74% to 7.09%, with an increase of 0.35%. This indicates that Islamic banks have succeeded in attracting new customers and increasing public trust. Islamic banks function as intermediaries, collecting funds from parties who have excess funds to be channeled to those in need through financing products based on sharia contracts. Islamic bank financing products are different from conventional bank loans because they do not charge interest (riba).



Picture 1 Growth of Islamic Banking Financing for the 2018-2022 Period
Source : Financial Services Authority, 2018-2022, processed

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Figure 2 shows a downward trend in the growth of Islamic banking financing during 2018-2021, which is caused by the banking industry's focus on improving financing quality. However, in 2021-2022 there was an increase of 13.54%, from 6.90% in 2021 to 20.44% in 2022, in line with the improvement of economic conditions after the COVID-19 pandemic.

Based on the financial statements of Islamic banking by the OJK, there are 13 Islamic commercial banks (BUS) in Indonesia in 2022, including BTPN Syariah which has been designated as a BUS since 2014 and operates independently without operational links with BTPN. Islamic banking requires third-party funds (DPK) from parties with excess funds to be channeled as financing. These funds are collected through products such as deposits, savings, and current accounts.

Table 1 Allocation of BUS Financing Distribution in 2022 (In Million Rp and percent)

Bank	Pembiayaan	DPK	Alokasi
Bank Victoria Syariah	Rp 622.952	Rp 816.420	76%
BJB Syariah	Rp 7.441.226	Rp 9.119.577	82%
BPD Nusa Tenggara Barat Syariah	Rp 8.725.028	Rp 9.780.184	89%
Bank Aladin Syariah	Rp 1.376.864	Rp 794.649	173%
Bank Mega Syariah	Rp 7.277.489	Rp 13.551.787	54%
Bank Panin Dubai Syariah	Rp 10.353.072	Rp 10.638.434	97%
BCA Syariah	Rp 7.576.800	Rp 9.481.600	80%
BPD Riau Kepri Syariah	Rp 19.600.897	Rp 26.973.705	73%
Bank Aceh Syariah	Rp 17.334.052	Rp 22.976.036	75%
Bank Muamalat Indonesia	Rp 18.821.000	Rp 46.143.000	41%
Bank Syariah Bukopin	Rp 5.168.000	Rp 5.589.000	92%
BTPN Syariah	Rp 11.500.000	Rp 12.049.255	95%
Bank Syariah Indonesia	Rp 207.704.856	Rp 261.490.981	79%

Source : Bank Financial Statements, 2022, processed

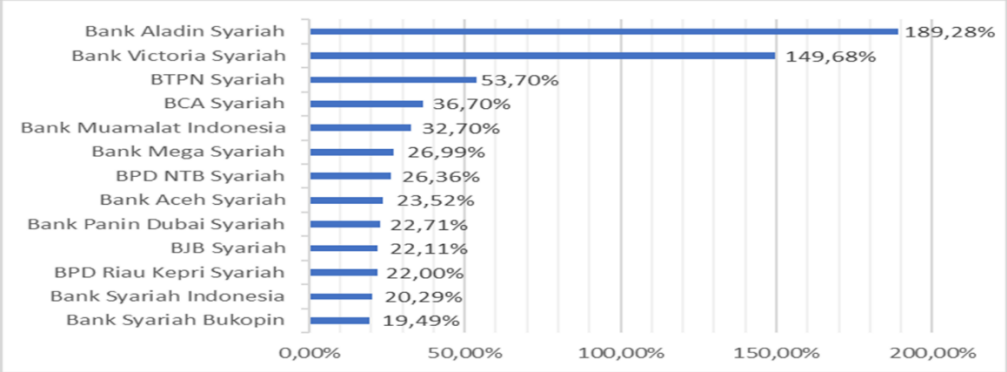
Based on table 1, the financing value of BTPN Syariah reached 11.5 trillion rupiah, placing it in fifth place out of 13 BUS, while its third-party funds amounted to 12.05 trillion rupiah, still below the other five BUS such as Bank Syariah Indonesia and Bank Muamalat. However, BTPN Syariah is among the top three third-party fund allocations for financing with a percentage of 95%, only below Bank Panin Dubai Syariah (97%) and Bank Aladin Syariah (173%). This shows that although the value of BTPN Syariah's financing and third-party funds is not the highest, its allocation of third-party funds for financing is among the top three among BUS in Indonesia. As an intermediary institution, BTPN Syariah must consider capital adequacy with a Capital Adequacy Ratio (CAR) ratio

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of at least 8% in accordance with OJK regulations to mitigate risks and fulfill obligations to customers.

Picture 2 BUS Capital Adequacy Ratio in 2022 (In percent)

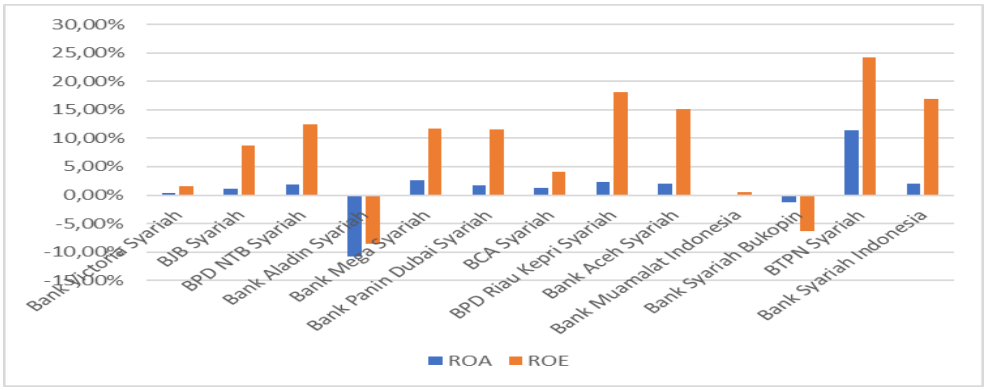


Source : Bank Financial Statements, 2022, processed

Based on Figure 1.3, BUS as a whole has a capital adequacy ratio (CAR) above 8%, indicating a good ability to withstand losses, manage risks, and financial conditions. BTPN Syariah has a CAR of 53.70%, ranking the third highest among the 13 BUSES registered in 2022.

BTPN Syariah distributes financing as a way to increase profitability, which is measured using Return on Equity (ROE) and Return on Assets (ROA). These two indicators measure the bank's ability to make a profit, but ROA focuses on optimizing asset use, while ROE focuses on optimizing capital use.

Picture 3 ROA and ROE BUS in 2022 (In percent)



Source : Bank Financial Statements, 2022, processed

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Figure 4 shows a blue bar chart representing return on assets (ROA) and an orange chart representing return on equity (ROE). BTPN Syariah has the highest ROA above 10% and ROE close to 25%, much higher than other buses, indicating better profitability capabilities. Previous research by Gumay Citra and Suman (2022) and Susilowati and Sistiani (2021) showed that third-party funds (DPK) affected the financing and profits of Islamic banks, while the research by Syu'la et al. (2021) found that deposits had no effect on financing.

Research by Syu'la et al. (2021) found that the capital adequacy ratio (CAR) has a negative influence on financing, where an increase in CAR reduces the amount of financing. In contrast, Mutiara et al. (2023) found that CAR had no effect on financing. For the return on assets (ROA) variable, the research of Syu'la et al. (2021) showed that an increase in ROA increased financing, while Astuti and Artha (2023) found that ROA did not affect financing. The results of the research by Handoko et al. (2022) show that Return on Equity (ROE) has an effect on financing, while the research by Mutiara et al. (2023) finds that ROE has no effect on financing. Based on the various phenomena that have been described above, it is therefore necessary to analyze the influence of DPK, CAR, ROA, and ROE on financing at BTPN Syariah

LITERATUR REVIEW

Bank Intermediation Theory

The intermediation theory by John Gurley explains that banking institutions function to collect funds from surplus parties and channel them as financing to those in need (Manda & Hendriyani, 2020).

Third-Party Funds

According to Bank Indonesia Regulation Number 10/19/PBI/2008, Third Party Funds (DPK) are the obligations of banks to residents in rupiah and foreign exchange. In Islamic banking, deposits are regulated in Article 1 of Law Number 21 of 2008, which states that deposits are funds entrusted by customers to Sharia Banks based on contracts that are in accordance with sharia principles in the form of current accounts, savings, or similar forms. Public deposits, which consist of current accounts, deposits, and savings, are the main source of funds for Islamic banks and play a role in distributing capital financing, which can reduce the unemployment rate and improve the economy. The deposit formula is:

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DPK = Giro + Deposito + Tabungan.

Third-party funds (DPK) are funds collected by banks from the public or customers through current accounts, deposits, and savings based on agreements with banks.

Capital Adequance Rasio (CAR)

Capital Adequacy Ratio (CAR) measures the capital capacity of banks in distributing funds and bearing operational risks; The higher the CAR value, the better the bank's ability to bear risk (Khotmi, 2022). Based on Bank Indonesia Regulation Number 10/15/PBI/2008, banks are required to provide a minimum capital of 8% of risk-weighted assets (ATMR), to increase risk tolerance for financing assets. Banks that do not meet these requirements will be monitored more closely. CAR must be maintained according to the percentage set by Bank Indonesia and OJK to ensure that banks can meet their financial obligations and handle the risk of loss properly (Listiyaningsih & Bawono, 2021).

$$CAR = \frac{Modal}{ATMR} \times 100$$

CAR is calculated with a certain formula to ensure sufficient capital as a foundation to face potential losses.

Return On Assets (ROA)

According to Dendawijaya in Rezeki & Hendratno (2021), Return On Assets (ROA) is a ratio that measures a bank's profitability and efficiency in managing assets to achieve profits. ROA shows the bank's ability to utilize its assets to gain profitability. Putri & Wirman (2021) also emphasized that ROA reflects the efficiency of bank asset management in an effort to achieve profitability. The formula for calculating ROA to be used in the study is as follows:

$$ROA = \frac{Laba\ Sebelum\ Pajak}{Rata - Rata\ Total\ Aset} \times 100\%$$

Return On Equity (ROE)

Return On Equity (ROE) is a profitability indicator that shows the extent to which Islamic banking management has managed to profit from the equity invested. A high ROE ratio reflects a company's high value. According to Kasmir (in Rezeki & Hendratno, 2021), ROE measures the effectiveness of a company in managing and generating profits from

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its own equity, with a larger ratio indicating a higher return on its own capital. Handoko et al. (2022) added that ROE describes the bank's ability to utilize its own capital to generate net profit, which is attractive to investors. The formulation of the ROE ratio is as follows:

$$ROE = \frac{Laba\ Bersih}{Ekuitas} \times 100\%$$

RESEARCH METHODS

Research Location

This research was conducted in Indonesia by accessing the official website of BTPN Syariah to obtain the necessary company financial data. The data used includes information from the Sharia National Retirement Savings Bank (BTPN Syariah) during the period from the second quarter of 2014 to the fourth quarter of 2023, which is 37 quarters.

Data and data sources

This research uses secondary data, namely data obtained from existing sources such as financial reports from the Sharia National Retirement Savings Bank (BTPN Syariah), government reports, books, and journals. The data used is a time series in the form of quarters for 10 years, from the fourth quarter of 2014 to the fourth quarter of 2023, following the limitations of data on the BTPN Syariah website since becoming a Sharia Commercial Bank (BUS) in July 2014. The variables analyzed include financing value, third-party funds (DPK), Capital Adequacy Ratio (CAR), Return On Assets (ROA), and Return On Equity (ROE).

Data Analysis

This study uses the Error Correction Model (ECM) to overcome the problem of non-stationary data in time series data and prevent premature regression. In addition, multiple linear analysis techniques with the Ordinary Least Squares (OLS) method are used to test the influence of variables such as Third Party Funds (DPK), Capital Adequacy Ratio (CAR), Return On Assets (ROA), Return On Equity (ROE), and Financing. All of these analyses were carried out using Eviews 12 software.

Error Correction Model (ECM)

The equation for using ECM in the short term is as follows:

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$$\Delta LNY = \beta_0 + \beta_1 \Delta LNX_1 t + \beta_2 \Delta X_2 t + \beta_3 \Delta X_3 t + \beta_4 \Delta X_4 t + \beta_5 RESID + u_t$$

Information:
LNY :Financing
LNX1 : Third Party Funds (DPK)
X2 : Capital Adequacy Ratio (CAR)
X3 : Return On Assets (ROA)
X4 : Return On Equity (ROE)
Out : residual value (previous period)

The equation for using ECM in the long term is as follows:

$$LNY_t = \beta_0 + \beta_1 LNDPK + \beta_2 CAR + \beta_3 ROA + \beta_4 ROE + u_t$$

LNY :Financing
LNX1 : Third Party Funds (DPK)
X2 : Capital Adequacy Ratio (CAR)
X3 : Return On Assets (ROA)
X4 : Return On Equity (ROE)
Out : residual value (previous period)

Ordinary Least Squares (OLS)

$$LNY = \beta_0 + \beta_1 LNDPK + \beta_2 CAR + \beta_3 ROA + \beta_4 ROE + e$$

Information:
LNY :Financing
LNDPK : Third Party Funds (DPK)
CAR : Capital Adequacy Ratio (CAR)
ROA : Return On Assets (ROA)
ROE : Return On Equity (ROE)
and : residual value (previous period)

RESULT

Uji Error Correction Model (ECM)

Based on the results of the long-term estimation that has been carried out, the following results are obtained:

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Table 2 Long-Term Estimation Results

Variable	Coefficient	Std.Error	t-statistic	Prob.	Information
C	-0,071381	0,264914	-0,269448	0,7893	
LNDPK	1,003042	0,018473	54,29729	0,0000	Signifikan
CAR	-0,00975	0,000898	-1,085233	0,2859	Insignificant
ROA	0,008432	0,004722	1,785461	0,0837	Insignificant
ROE	-0,002909	0,001693	-1,718108	0,0954	Insignificant

Source : Eviews 12, processed (2024)

Based on the results of the long-term estimation above, the long-term regression equation is as follows:

$$LNPYD = -0,071381 + 1,003042\ LNDPK - 0,00975\ CAR + 0,008432\ ROA - 0,002909\ ROE + u_t$$

Based on the short-term estimation of the regression equation, the results obtained are as follows:

Table 3 Short-Term Estimation (ECM) Results

Variable	Coefficient	Std.Error	t-statistic	Prob.	Information
C	0,000990	0,004581	0,216038	0,8304	
D(LNDPK)	0,970276	0,070340	13,79415	0,0000	Signifikan
D(CAR)	0,001304	0,001130	1,154166	0,2575	Insignificant
D(ROA)	0,005157	0,007526	0,685197	0,4985	Insignificant
D(ROE)	-0,000747	0,003179	-0,235068	0,8158	Insignificant
ECT (-1)	-1,302437	0,195574	-6,659565	0,0000	

Source : Eviews 12, processed (2024)

The results of the short-term regression equation based on table 4.5 are as follows:

$$D(LNPYD) = 0,000990 + 0,9720276\ LNDPK + 0,001304\ CAR + 0,005157\ ROA - 0,000747\ ROE - 1,302437\ ECT + u_t$$

Uji Hipotesis

Determination Coefficient Test (R2)

The determination coefficient test assesses how well the model explains the

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variation of dependent variables with values between zero and one. In this study, the determination coefficient is used to evaluate the ability of the variables Third Party Funds (DPK), Capital Adequacy Ratio (CAR), Return On Assets (ROA), and Return On Equity (ROE) as independent variables in explaining the dependent variable, namely Financing.

Table 4 Results of the Coefficient of Determination Test

Determination Coefficient Test (R2)
R-Squared
0,886768

Source : Eviews 12, processed (2024)

The results of the determination coefficient show an R-squared value of 0.886768, which means that 88.67% of the variation in financing is influenced by the independent variables of DPK, CAR, ROA, and ROE, while 11.33% is influenced by other factors outside the model.

Simultaneous Test (Test F)

The F (simultaneous) test is used to determine the overall influence of independent variables on dependent variables in a model. If the probability of the regression model is less than the significance level of 5%, then there is a simultaneous relationship between all independent variables and dependent variables; On the other hand, if it is larger, there is no significant relationship.

Table 5 Test Results F (Simultaneous)

F-Test (Simultaneous)		
F-Statistic	**Prob (F-Statistic)**	**Information**
46,98832	0,000000	Simultaneously

Source : Eviews 12, processed (2024)

The results of the F test in the regression model show that the probability value of F-statistic is 0.000000 < 0.05, indicating that independent variables such as Third Party Funds (DPK), Capital Adequacy Ratio (CAR), Return On Assets (ROA), and Return On Equity (ROE) simultaneously affect financing. Previous research also showed similar results: Mutiara et al. (2023) found the simultaneous influence of CAR, NPF, ROA, and

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ROE on Financing in Sharia Commercial Banks, Rukiah (2020) reported the simultaneous influence of DPK, CAR, NPF, and ROA on Islamic banking in Indonesia, Wicaksono & Haerudin (2021) found the simultaneous influence of ROA, CAR, NPF, and BOPO on financing disbursement, and Chasanah Novambar Andiyansari (2021) reported the simultaneous influence of DPK, NPF, and SBIS for financing distribution.

Partial Test (t-Test)

The T-test (partial) is used to assess the influence of each independent variable on the dependent variable by considering the probability and t-statistical values from the estimation results of the regression model.

Table 5 t-Test Results (Partial)

Variable	T-table	T-Test (Partial		Information
		t-statistic	Prob.	
DPK (x1)	2,0369	13,79415	0,0000	Signifikan
CAR (X2)	2,0369	1,154166	0,2575	Insignificant
ROA (X3)	2,0369	0,685197	0,4985	Insignificant
ROE (X4)	2,0369	-0,235068	0,8158	Insignificant

Source : Eviews, processed (2024)

1. Third Party Funds (DPK) on Financing: With a t-statistic of 13.79415 and a probability of 0.0000, DPK has a positive and significant effect on Financing, supporting the banking intermediation theory that explains the disbursement of customer funds as financing. Previous research (Chasanah Novambar Andiyansari, 2021; Wenni & Sophisticated, 2021; Makfiroh & Asna Annisa, 2022; Rizki Dwi Haryanti et al., 2022) also show that deposits have a positive effect on financing.
2. Capital Adequacy Ratio (CAR) to Financing: The T-statistic CAR of 1.154166 with a probability of 0.2575 shows a positive but not significant influence on Financing, in contrast to Dendawijaya's opinion which associates higher CAR with higher Financing. Previous research (Rezeki & Hendratno, 2021; Mutiara et al., 2023; Pratiwi & Nabila, 2022) shows that CAR has a positive effect on financing.
3. Return On Assets (ROA) on Financing: T-statistic ROA 0.685197 and probability 0.4985 show a positive but not significant influence on Financing. Kasmir's opinion (2017) stated that ROA has a positive impact on financing distribution,

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in line with previous research (Wenni & Canggih, 2021; Rizki Dwi Haryanti et al., 2022; Artha et al., 2022) which shows the positive influence of ROA on financing.

4. Return On Equity (ROE) on Financing: T-statistic ROE -0.235068 and probability of 0.8158 show a negative and insignificant influence on Financing, contrary to the opinion of Lukman Dendawijaya who states that ROE has a positive effect on Financing. These results are consistent with previous studies (Mutiara et al., 2023; E. M. Susilowati & Nawangsasi, 2018; Rezeki & Hendratno, 2021) which shows that ROE has a negative effect on financing.

DISCUSSION

The Effect of Third Party Funds (DPK) on Financing

The test with a significance level of 5% showed that there was a long-term and short-term simultaneous influence of Third Party Funds (DPK) on Financing, with a positive and significant influence both partially in the long and short term. The graph of the development of deposits and financing from 2014-2023 shows a similar pattern, supporting the finding that deposits have a significant positive effect on financing. This research is in accordance with the theory of bank intermediation, which states that banks collect funds from the public to be channeled as financing, as well as the results of previous research by Rukiah (2020) and Chasanah Novambar Andiyansari (2021). However, different results were found in the study of Pujiana et al. (2018), which showed a positive but not significant effect of deposits on financing. BTPN Syariah should maintain or increase deposits to ensure that financing is maintained or increased, and reflects public trust.

The Effect of Capital Adequacy Ratio (CAR) on Financing

The test with a significance level of 5% shows that there is a long-term and short-term simultaneous influence between Capital Adequacy Ratio (CAR) and Financing. However, partially, CAR has a negative and insignificant influence on financing in the long term, as well as a positive and insignificant influence in the short term. The chart of the development of CAR and Financing from 2014-2023 shows the mismatch between the two, with Financing being constant while CAR is more volatile, indicating that deposits have no effect on Financing. In contrast to Dendawijaya's opinion that a high CAR should increase financing, this result is consistent with the research of Rezeki & Hendratno (2021) and Susilowati & Nawangsasi (2018) which showed a positive but not significant

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influence. Therefore, BTPN Syariah is advised to maintain a CAR above 8-10% to ensure financing distribution capabilities and risk management of losses.

The Effect of Return On Assets (ROA) on Financing

The test with a significance level of 5% shows that there is a simultaneous influence of the ROA variable on financing, but partially, ROA has a non-significant positive influence on financing both in the long and short term. Although the higher ROA value reflects the bank's efficiency in managing assets to increase profitability, the profit is not allocated to financing, which is funded by deposits (Kasmir, 2021). The graph of ROA and Financing development from 2014-2023 shows the mismatch between the two, with volatile ROA and more stable Financing. This result is in line with research by Permatasari & Yulianto (2018) and Wicaksono & Haerudin (2021) which also shows a positive but not significant effect of ROA on financing. BTPN Syariah should maintain or increase ROA even though it does not have a direct impact on financing, because a high ROA value indicates efficient asset management.

The Effect of Return On Equity (ROE) on Financing

The test with a significance level of 5% shows the simultaneous influence of the ROE variable on financing, but partially, ROE does not have a significant effect on financing both in the long and short term, in contrast to the opinion of Lukman Dendawijaya (2005) who considers ROE to have a positive impact on financing. The graph of ROE and Financing development between 2014-2023 shows opposite fluctuations, with ROE being more volatile compared to more stable Financing. The research of E. M. Susilowati & Nawangsasi (2018) also found that ROE had a negative and insignificant effect on financing, while Rezeki & Hendratno (2021) stated a negative and significant influence. Therefore, BTPN Syariah is advised to maintain or increase ROE even though it does not have a direct impact on financing, noting that a high ROA value indicates asset management efficiency.

CONCLUSION

Based on the results of the research, the conclusions obtained are as follows. Third Party Funds (DPK) have a positive and significant effect on financing, where the increase in deposits is directly proportional to the amount of financing disbursed. The Capital Adequacy Ratio (CAR) has a positive but not significant effect on financing, as the CAR ratio, which always exceeds Bank Indonesia's provisions, does not affect the financing

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allocation. Return On Assets (ROA) also had a positive but not significant effect on financing, indicating that the profits from ROA were not allocated for financing and still depended on deposits. Return On Equity (ROE) has a negative and insignificant effect on financing, because the profit from ROE is more widely used for dividend payments to capital owners.

SUGGESTION

Based on the results of the research, the advice given is as follows: BTPN Syariah must maintain the value of Third Party Funds (DPK) to affect financing, as well as maintain or increase the Capital Adequacy Ratio (CAR), Return On Assets (ROA), and Return On Equity (ROE), even though it does not have a direct impact on financing. This is important for the management of capital, assets, and profitability. For academics, this research can be used as a reference for further studies on the variables that affect financing in Islamic banking.

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