Factors Affecting Return on Assets at Bank Muamalat Indonesia in 2012-2021

Ajeng Febriyanti[1*], Rendra Erdkhadifa[1]

[1]Department of Sharia Banking, Faculty of Islamic Economics and Business, Universitas Islam Negeri Sayyid Ali Rahmatullah, Tulungagung, Indonesia

A B S T R A C T

Bank Muamalat has significantly decreased managerial profitability in the last six years compared to other Sharia Commercial Banks. Bank Muamalat of Indonesia experienced a decline in profitability that has no growth and continues to be restructured. Meanwhile, profitability is one of the benchmarks for the success of Sharia banking in managing its financial performance. The present study aims to analyze the simultaneous and partial effect of variables NPF, BOPO, CAR, FDR, and TPF on the ROA of Bank Muamalat of Indonesia. This study implements a quantitative method using quarterly data from Bank Mumalat of Indonesia for the period 2012-2021. The technique used to analyze the data were the multicollinearity test, multiple regression analysis tests, and classical assumption test. The results of this study indicate that there is a simultaneous influence between the variables NPF, BOPO, CAR, FDR, and TPF to ROA. NPF shows a positive and significant value to Bank Muamalat's ROA. BOPO has a negative and significant effect on the ROA of Bank Muamalat. Furthermore, CAR has a positive and significant effect on Bank Muamalat's ROA. FDR has a positive and significant effect on ROA. FDR in this study has the greatest influence over other variables with a t-count value of 3.922, which is smaller than t-table 2.030. While TPF in this study has no significant effect on the ROA of Bank Muamalat.

1. Introduction

Sharia banking has become an alternative for common financial establishment among the Muslim community. Since the enactment of Law Number 10 of 1998 concerning Banking, which regulated Sharia Banks clearly and strongly in terms of institutions and operations and was later updated with Law Number 23 of 1999 concerning Bank Indonesia and Law Number 3 of 2004, Bank Indonesia has provided a legal basis for applying monetary policy based on principles of Sharia conduct regulation and supervision of banking based on Sharia principles.

In the banking sector, the financial performance of a bank is very important to maintain its reputation as a company that can be reliable. There will be more people who use banking products if its performance is financially strong. One of the efforts of Islamic banks in calculating its financial performance is to use the profitability ratio. The profitability ratio is used to assess the capacity of Sharia banking and track its growth over time. A Sharia banking with sufficient profitability will attract investors and shareholders' common stock (Ardiyanto et al., 2020).

Profitability is very important for Sharia banking because it serves as a measure of how effectively the institution uses available assets to generate profits. Return on assets (ROA) is the profitability ratio used to evaluate the company's capacity to benefit (Saputra, 2016). ROA Sharia banking is often used as an aspect of the assessment of management capabilities in

maximizing the value of holder shares to optimize the different rates of return and reduce existing risks.

Bank Muamalat is the first Bank to introduce Sharia banking to Indonesia. According to the track record of establishing Bank Muamalat, Bank Muamalat should be able to withstand economic shocks and has better prospects than other banks. But the growth of Bank Muamalat for the last six years decreased. Bank Muamalat Income has decreased compared to other Sharia Commercial Bank. The development of Bank Muamalat's profitability from ratio movement ROA is 0.08% lower than other sharia banks. The decrease in ROA value owned by Bank Muamalat shows a lack of ability to manage the quality of its financial performance. Bank Muamalat is currently facing financial problems and higher non-performing financing, so it is experiencing restructuring. The Financial Services Authority put high hopes for the recovery of conditions Bank Muamalat Indonesia's capital which is marked by the involvement of PT. Asset Management Company (PT. PPA) in the completion of quality assets low.

Based on the decline in ROA that occurred in Bank Muamalat, various problems cannot be avoided. One of them is decreased revenue, declining profits, and increased capital reduced even the risk of problematic financing increases above the maximum limit. Besides, this thing also reduces the trust between stakeholders. If the performance of Bank Muamalat continues to decline, it will cause investors to be reluctant to invest and disburse assets. A previous study stated that if the financial performance declines, Bank Muamalat in the future can lead to a decline in reputation and even bankruptcy.

Several factors that influence the growth and development ROA ratio is Non-Performing Financing (NPF) ratio Cost Operational and Operating Income (BOPO), Capital Adequacy Ratio (CAR), and Financing to Deposit Ratio (FDR) (Dendawijaya, 2009). In addition, in increasing the Bank's profitability, it earns income in the form of funds collected directly from the community called Third Party Funds (TPF) (Muhammad, 2005).

NPF is one of the associated risks with financing that must be faced by the Bank. From time to time, as the number of non-performing debts increases, the total income will decrease and will affect the ROA obtained by the Bank (Muhaemin, 2016). Non-current financing is calculated by using the NPF ratio. Banks generate more income if NPF is low.

The efficiency ratio of the Bank's operational performance is called the ratio of Operating Costs to Operating Income (BOPO). The level of efficiency and capacity of the Bank in carrying out its activities is rated by using the ratio of operating costs. More banks effectively control BOPO if the value of BOPO decreases. This has an impact on increasing the value of profits which in turn also affects the increase in ROA (Kasmir, 2012).

CAR reflects the Bank's capital. The bigger CAR, the greater the ROA because management banks are more flexible in allocating capital for profitable investment activities when the Bank has a large amount of capital (Umam, 2013). Because bank management has a lot of flexibility when allocating a large amount of capital for profitable investment operations, CAR will have an effect on an increase in ROA.

The ratio of loans to deposits or known as FDR, is one of the factors related to ROA. FDR works to measure the ability of a bank to pay off short-term debt outstanding debt tempo (Rivai, 2007). High FDR ratios indicate that the Bank lent money or is relatively bankrupt. A low ratio, on the other hand, indicates that the Bank has highly liquid assets available for loan.

Bank's ability to use funds from third parties to fund activities operation is one of the indicators of the success of the Bank. These funds are the most significant source of funding for banks. Where ROA increases along with the increase in third-party funds, Bank's ability to collect more money from the

community can increase the possibility of granting credit, which has an impact on the income of Bank Muamalat Indonesia.

Research conducted by Wibisono (2017) examines that significantly CAR, NPF, BOPO, and FDR can affect the value of ROA. Next, the results of research conducted by Dasari et al. (2020), stated that the use of third-party funds has no impact on ROA. It needs further research on the effect of NPF, BOPO, CAR, FDR, and third-party funds on ROA, considering the differences in conclusions from other studies.

This study aims to assess how good the performance of Bank Mumalat of Indonesia is, according to NPF, BOPO, CAR, FDR, and TPF to ROA. One of the elements that affect the level of bank health is the company's ability to generate profits over a period of time specified, which is determined by profitability. A variable tied to financial ratio indicators that are used is the return on assets. Because Bank Indonesia prioritizes the profitability of banks that are measured from its assets as banking supervisors and regulators, then in this study, ROA is used as the dependent variable.

2. Literature Review

A bank or other financial organization called Riba operates according to the Sharia standards of the Qur'an and Hadith. Thus, a sharia bank is a financial institution or banking operation that collects and distributes funds and other services in order to carry out its operational activities in accordance with Islamic Sharia and prudential principles. One of the tools used to enforce sharia economic principles is the Sharia Bank. In their daily operations, sharia banks do not use interest or usury (Muhammad, 2005). Based on the operations of Islamic banks, there are 3 principles for serving customers which are maintained by a banker, namely: the principle of justice, the principle of equality, and the principle of peace (Fahmi, 2015).

The Bank's financial performance serves as a measure to evaluate business with reporting practices and sound finances. Calculation of financial performance in Sharia banking, among others, using Bank Indonesia approach No.9/1/7PBI/2007 to assess the soundness of the Bank in accordance with sharia principles, namely: capital ratios, productive asset quality ratios, profitability ratios, and profitability ratios (Kusumo, 2018). The following sorts of profitability measures are frequently used in financial accounting to evaluate a company's capacity to earn profits: return on assets (Muhammad, 2005).

ROA is a measure of bank profitability. ROA is used to measure the company's effectiveness in generating profits by using the assets they have. ROA is a ratio that shows the ratio of profit (before tax) to the Bank's total assets. This ratio is used to assess the financial condition of a company by using a certain scale or a tool to assess whether all assets owned by the company have been used to the maximum extent possible for profit (Muhaemin et al., 2016).

Non-performing financing (NPF) is the rate of return of credit, which is the return of credit given by depositors to banks; in other words, NPF is the level of bad loans at the Bank. NPF is determined by adding non-current financing to total financing. If the NPF is lower, the Bank's profits will be higher. On the other hand, if the NPF level is high, the Bank will experience a loss caused by the rate of return on bad loans, so smaller profits can affect ROA (Riyadi, 2006).

Non-performing financing (NPF) measures the Bank's level of subprime loans by measuring the rate of return on credit or the return of credit granted by depositors to banks. By dividing non-current funding by total finance, NPF is determined. The Bank's earnings will increase if the NPF is lower, but if the NPF level is high, the Bank will incur losses due to the rate of return on bad loans, causing smaller profits to affect ROA.

Operational costs and operating income are compared using the BOPO, or operating expense ratio.

The ratio of operational costs is used to gauge a body's level of effectiveness and capacity to carry out operating activities. As a result of cost efficiency, the Bank will be able to earn more money, which will raise the value of the ROA ratio. The lower the BOPO, the better the Bank is at managing its operational costs (Rivai et al., 2013).

The operational costs and operating income calculation is used to determine the number of operating costs and average operating income paid by the Bank, as well as to measure the efficiency of bank activities. The lower this ratio, the lower the operational costs incurred by the Bank in question. So that the Bank's profits will be even greater, the value of the BOPO ratio will be seen as efficiency. If the BOPO ratio value is more than 90% or close to 100%, it is declared inefficient, but if the BOPO ratio value is below 90%, it is declared efficient (Dendawijaya, 2009).

The capital adequacy ratio (CAR) is a measurement of the proportion of all bank assets that are financed either from the Bank's own capital funds or from outside sources, such as funds raised from funds, and includes all risky assets (credit, investments, securities, and claims against other banks) (debt). A bank's capital to sustain risky assets is determined by the CAR, a bank performance ratio. The profit earned by the bank increases in line with the value of the capital adequacy ratio. In other words, the Bank will benefit more from the lower risk for the company.

If the Bank has enough capital to cover inevitable losses, it will be able to manage all of its operations effectively, increasing both the Bank's value and shareholder wealth. The capital adequacy ratio is a measure of a bank's capacity to offset the loss of assets brought on by hazardous asset losses. Therefore, when capital increases alone, the Bank's health, as measured by its capital ratio (CAR), improves. Additionally, as capital increases, so does the possibility for corporations to make a profit.

The FDR is the ratio of the Bank's total amount of credit provided to its total amount of cash received.

This ratio demonstrates how much the Bank can rely on loans as a source of liquidity in order to repay depositor withdrawals. Therefore, a larger ratio signifies a lesser level of liquidity capacity for the concerned Bank.

The high and low FDR ratios indicate the level of liquidity of the Bank. In accordance with the agreement of the Indonesian Sharia banking Association (Asbisindo) in assessing the level of bank liquidity, the ideal FDR is in the range of 80% to a maximum of 90%, which is considered a healthy FDR ratio. The higher the FDR number of a bank, the more it is described as a less liquid bank compared to a bank with a smaller FDR ratio. On the other hand, if the ratio is low, it shows that the Bank is less effective in channeling credit. If the Bank has a ratio of 75%, it means that the Bank only distributes 75% of the funds that can be raised. And if the FDR ratio reaches 100%, the Bank is said to be channeling funds beyond the funds that have been collected.

Distributed funds by the Bank will generate profits for the Bank if the Bank disburses more funds in the form of financing, the higher profit. The increase in profit will affect the return on assets at the Bank. So it can be said that FDR has a positive relationship with ROA, where when FDR increases, it will have an impact on increasing ROA. On the other hand, a decrease in FDR will have an impact on a decrease in FDR.

A bank's attempt to obtain public funds is known as Third Party Funds (TPF). Whether these funds come from public deposits or from other institutions depends on the Bank itself. Then, money can be obtained through its own capital, specifically by issuing or selling shares, to finance its activities. The way that money is acquired depends on what it will be used for. The amount of cost incurred will depend on the funding sources chosen. Consequently, it's important to choose funding sources carefully (Kasmir, 2014).

One of the main ways Islamic banks provide funds to the public is through third-party funds (TPF). Islamic banks can use funds from third parties to be placed in posts that generate income for the Bank, one of which is in the form of credit. Muhammad is of the opinion that an increase in third-party funds will result in large credit growth so that bank profitability will increase (Anshori, 2007).

Research conducted by Wibisono (2017) examines how significantly CAR, NPF, BOPO, and FDR are able to affect the ROA value. Another study by Rembet et al. (2020) stated that BOPO has no significant effect on return on assets (ROA). Further research by Widyastuti et al. (2021) shows that CAR has no effect on return on assets (ROA). Another study explains that FDR does not partially affect the profitability of Islamic Commercial Banks. Third-party funds affect the profitability of state-owned banks (Tofan et al., 2022).

Financial ratio analysis, which should be done regularly, can help Islamic banks uncover efficiency measures and repair. In this type of financial accounting, ROA is a type of profitability ratio that is often used to assess the company's ability to make a profit.

3. Methods

This study quantitatively measures the effect of NPF, BOPO, CAR, FDR, and third-party funds on ROA. The population taken in this research is time series of data in the form quarterly, from March 2012 to December 2021 in Bank Mumalat. This research used a saturated sample because the entire population was used as a sample. The researchers use secondary data obtained from www.bankmuamalat.co.id, and www.ojk.go.id. The data analysis technique is the test multicollinearity, multiple linear regression test, and test the classic assumption.

Multiple linear regression analysis was used to measure the effect of the independent variable on the dependent variable (Kurniawan and Yuniarto 2016). The influence of the independent variables, NPF (X_1), BOPO (X_2), CAR (X_3), FDR (X_4), and TPF (X_5), to ROA (Y) Bank Muamalat for the period 2012-2021. Next, the researcher compares the results of coefficient determination which is a measure of the Y variable which can be explained using the X variable. The F test results in this study, the researcher assumes that the compare how big the NPF (X_1), BOPO (X_2), CAR (X_3), FDR (X_4), and TPF (X_5) can affect ROA (Y). Whereas the results of the t-test in multiple linear regression analysis aimed to determine the effect of each variable X to Y.

The third test is the classical hypothesis test, which includes the tests for heteroscedasticity, normalcy, and autocorrelation. The heteroscedasticity test is used to assess whether there is an inequality in variance between the residual of one observation and the residual of another observation in a regression model (Tanzeh, 2011). A normality test is a test to find out whether a variable is normal or not. A good regression model should be normally distributed or close to normal (Ghozali, 2013). Test autocorrelation is used to assess whether in a model there is a correlation in the regression model multiple linear.

4. Results and Discussion

The variables used in this study are NPF, BOPO, CAR, FDR, and TPF to Bank Muamalat's ROA for the period 2012–2021. The following is a description of the data in this study.

Table 1. Descriptive statistic.

Description	ROA (%)	NPF (%)	BOPO (%)	CAR (%)	FDR (%)	TPF (billion)
Number of samples	40	40	40	40	40	40
Minimum	0,02	0,67	82,37	10,18	38,33	1.132
Maximum	1,72	7,23	99,90	47,85	106,50	17.751
Mean	0,84	4,24	94,44	17,03	85,96	8.968

Table 1 shows that there are 40 data studies. The minimum ROA value is 0.02%, and the maximum value is 1.72%, with an average of 0.84%. The NPF variable has a minimum value of 0.67% and a maximum value of 7.23%, with an average value of 4.24%. The BOPO variable has a minimum value of 82.37% and a maximum value is 99.90% with an average of 94.44%. The CAR variable has a minimum value of 10.18% and a maximum value of 47.85%, with an average value of 17.03%. The FDR variable has a minimum value of 38.33% and a maximum value of 106.50%, with an average of 85.96%. TPF variable has a minimum value of IDR 1,132 billion and a maximum value of IDR 17,751 billion, with an average value of Rp 8,968 billion.

Variance Inflation Factor or variable VIF value NPF (X_1) is 3.116, BOPO (X_2) is 5.576, CAR (X_3) is 1,347, FDR (X_4) is 2,455, and the value of VIF TPF (X_5) is 2.484. This result shows the variables are free from classical assumptions of multicollinearity because it is less than 10.

The deep multiple linear regression equation obtained in this study is as follows:

$$Y = 2{,}491 + 0{,}137X_1 - 0{,}044X_2 + 0{,}017X_3 + 0{,}022X_4 - 2{,}718X_5 + e$$

The constant is 2.491, meaning that if the NPF (X_1), BOPO (X_2), CAR (X_3), FDR (X_4), and TPF (X_5) are constant, then the ROA (Y) is 2.491. According to the regression coefficient of 0.137 for the NPF variable (X1), the ROA will grow by 0.137 for every additional unit of the NPF variable. According to BOPO (X2) of -0.044, ROA will decrease by -0.044 for each additional unit of the BOPO variable. When one unit of the CAR variable is added, according to CAR (X_3) of 0.017, it will rise by 0.017. The FDR variable (X4) has a regression coefficient of 0.022, which suggests that it will rise by 0.022 for every added unit. Additionally, a TPF (X5) of -2.718 indicates that ROA will be decreased by -2.718 for every additional unit of the TPF variable.

The results of R Square in this study show a value of 0.797 which means NPF NPF (X_1), BOPO (X_2), CAR (X_3), FDR (X_4), and TPF (X_5) have an effect of 79.8% on the ROA of Bank Muamalat Indonesia and 20.2% are influenced by other variables, not in the study.

Based on the results of simultaneous regression analysis, H0 was rejected, and H1 was accepted because the value of F count of 26.615, which is higher than the F table of 2.49, or the significance of F is 0.000, which is lower than the value of 0.05. Meanwhile, NPF (X_1), BOPO (X_2), CAR (X_3), FDR (X_4), and TPF (X_5) have an effect that is quite large to Bank Muamalat's ROA Indonesia.

On analysis regression, multiple linearities show that the NPF t count is 2,399 greater than t table 2,030, and the significant NPF 0,022 smaller than alpha 0.05, which indicates that the NPF significant effect on ROA Bank Indonesian Muamalat. With the value of t count, BOPO of -2,085 is greater than T table 2,030, and a Significant BOPO of 0.045 is smaller than the alpha of 0.05, then BOPO significantly reduces ROA Bank Muamalat Indonesia. In addition, t calculates CAR of 2.175 higher than t table 2.030, and CAR 0.037 is smaller than alpha 0.05, indicating that CAR is sufficient to increase the Bank's ROA Indonesian Muamalat. FDR has a positive effect on ROA at Bank Muamalat Indonesia because FDR t-count 3.922 is greater than t-table 2.030 and significantly smaller than the 0.000 FDR, which is smaller than alpha 0.05. DPK has no significant effect impact on ROA at Bank Muamalat Indonesia based on the fact that the t-count TPF is -1.674 smaller than t-table 2.030 and that TPF 0.103 is much larger than alpha 0.05.

The glejser test in this study showed the NPF (X_1) value of 0.069> 0.05 which means no heteroscedasticity occurs. Next, BOPO (X_2) shows the absolute value of the residual with sig. 0.060>0.05, which means no occur heteroscedasticity. The absolute residual value of CAR (X_3) of 0.530> 0.05, then it does not happen heteroscedasticity. The

absolute residual value of FDR (X_4) of 0.052> 0.05 then it does not happen heteroscedasticity. The residual

absolute value of TPF (X_5) of 0.945> 0.05 then it does not happen heteroscedasticity.
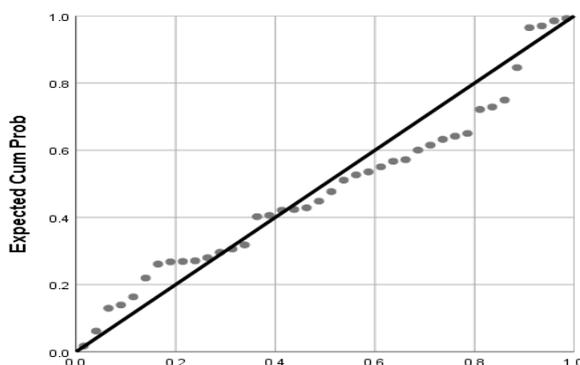

Figure 1. P-Plot

In the normality of the data with the normal P plot figure, the data on the variables used are stated to be normally distributed. If the distribution figure with data points distributed around the diagonal line and the distribution of data points distributed in the same direction both follow the diagonal line, the variable is said to be normal.

Furthermore, the results of the autocorrelation test using the Run Test method showed Asymp. It can be said that there is no autocorrelation between variable NPF, BOPO, CAR, FDR DPK, and ROA when sig. (2-tailed) of 0.078 is greater than the level significance of 0.05 or 5%.

ROA is a ratio used to see the level of effectiveness of the use of assets to make a profit. Profitability for banking going public like Bank Muamalat Indonesia, it is more appropriate to use return on assets (ROA). This is because ROA focuses more on the ability of banks to earn earnings in company operations. Judging from the results, this research is in line with the theory (Dendawijaya, 2009) and (Muhammad, 2005) that NPF, BOPO, CAR, FDR, and DPK are jointly able to affect the ROA of Bank Muamalat.

Profitability is a specific indicator of the performance bank, and in this case, Bank Muamalat's ROA represents managerial efforts to maximize shareholder value while maximizing different types of returns and reducing risk. Current NPF, BOPO, CAR, FDR, and TPF walking have an impact on the growth or decrease in Bank Muamalat's revenue.

NPF has a significant positive effect on ROA Muamalat Bank. The findings of this study are in line with the opinion expressed by Dendawijaya (2009) that the more funds are set aside by the Bank to form Provision Earning Assets, the higher the profit. In addition, to potency, these results support the study by Aryfudin et al. (2020), who found that NPF had a significant effect on ROA. However, the results of this study do not, according to research conducted by Mahmudah et al. (2016), show that NPF has no effect on ROA.

Bank Mumalat NPF has a significant positive effect on ROA because the NPF value of Bank Muamalat is high enough. NPF is the ratio of risk to loan. Financing provided to the Bank Muamalat Indonesia is still not optimal, and the risks of Non-performing loans are high enough to affect ROA. The lack of Bank managerial NPF Muamalat can be seen from the second quarter of 2014 until the second quarter of 2016, which is sufficiently fluctuating by more than 5%, which indicates still the poor health of Bank

Muamalat and the identification of a fairly large number of NPF. The amount of non-performing financing that occurs causes the profits obtained by the Bank to be smaller as well as ROA. To increase profits, it can be done by controlling financing and selecting customers so that financing does not occur quite a problem.

BOPO has a significant negative effect on the ROA of Bank Muamalat. The findings of this study are consistent with the theory put forth by Muljono (2009), according to which the Bank's management performance improves with decreasing BOPO ratio levels because of improved resource utilization inside the organization. On the other hand, if the Bank's expenses outweigh the money it has earned, EBIT will fall. Since a rise in BOPO lowers profits, it will eventually have an effect on a fall in ROA as well.

In this study, BOPO has a significant negative effect on ROA at Bank Muamalat Indonesia. This is because the ratio depicted in the BOPO of Bank Muamalat Indonesia shows that Bank Muamalat Indonesia is less able to do managerial and operational costs because they are still quite high. BOPO value is quite high. This affects the ROA value of Bank Mumalat, which decreases. This can be seen clearly when the value of Bank Mumalat's BOPO in the fourth quarter reached 99.29% with a ROA of 0.67% lower than the quarter previously. In the third quarter, the BOPO value was more than 98.46, lower than the fourth quarter, and had a higher ROA value high compared to the fourth quarter of 4.94%. The decrease in the BOPO value indicates operational efficiency, so the more efficient the Islamic Bank's operations, the higher the level of profitability.

The increase in the Bank's BOPO ratio Bank Muamalat indicates an increased proportion of operating expenses to revenue operational costs received by the Bank. In other words, if operational costs increase, it will reduce the profit before tax and will ultimately lower the ROA of the Bank concerned. Thus the greater BOPO, the smaller the ROA of the

Bank because the profit earned by the Bank is also small. This matter reflects the existence or the occurrence of inefficiency in operational performance at the Bank Indonesian Muamalat.

CAR has a positive and significant effect on ROA. Dendawijaya's (2009) hypothesis claims that a bank's ability to cover the fall in its assets as a result of bank losses brought on by hazardous assets is shown by its capital adequacy ratio. Therefore, as own capital grows, the Bank's health as measured by the capital ratio (CAR) improves, and as capital grows, so does the potential for business earnings. The findings of this study support studies by Wibisono et al. (2017), which shows that CAR significantly increases ROA.

Large capital can allow parties Bank Mumalat Indonesia management to put their funds into investment activities profitable. An increase in CAR tends to affect the number of company profits. So it can be concluded that the higher the CAR, the higher also ROA. This is shown in the Bank's CAR value Muamalat in the 1st quarter of 2013 to the fourth quarter of 2014, which experienced an increase and was balanced by a periodic increase in ROA. Likewise, when Bank Mumalat's CAR decreased from the first quarter of 2016 until the third quarter of 2020, the ROA value also experienced a decline. In the use of capital (CAR), Bank Muamalat Indonesia is more careful in channeling funds through asset investment and financing because some of the capital owned by banks is reserved to maintain bank liquidity of the risks to be faced by the Bank, so it doesn't affect the profit which is obtained.

FDR has an effect on the ROA value of the Bank Mumalatat. Funds disbursed by the Bank will generate profits for the Bank. If the larger the funds disbursed by the Bank in the form of financing, then the profits obtained will be higher it is (Made et al., 2019). The increase in profit then will affect the Bank's Return on Assets (ROA). So it can be said that FDR has a positive relationship with ROA, where when FDR increases, it will have an impact on the increase in

843

ROA. On the other hand, if FDR decreases, it will have an impact on the decrease in ROA (Ali 2006).

According to research by Wibisono (2017), FDR is one of the factors associated with ROA that serves to gauge a bank's capacity for repaying short-term or past-due loans. The findings of this research phenomenon are consistent with that research. At Bank Muamalat Indonesia, FDR significantly improves ROA. This is so because Bank Mumalat Indonesia's low FDR level suggests that it has fewer liquid assets. FDR is a bank's ability to recoup depositor withdrawals by depending on loans given out as a source of liquidity. This liquidity is crucial to Bank Muamalat as it allows for flexibility in capturing lucrative and appealing business opportunities as well as the ability to conduct daily operations.

Muamalat bank FDR in the first quarter of 2017 until the 1st quarter of 2021 continued to experience declining fluctuations. When compared with the first quarter of 2012 and the fourth quarter of 2016, the FDR value was much higher. The Bank's liquidity level, or the ideal FDR, is in the range of 80% to a maximum of 90%, which is considered a healthy FDR ratio. Meanwhile, at Bank Mumalat, the FDR value is below 75%. Likewise, the ROA value at Bank Muamalat decreased from 2017 to 2020.

TPF has no effect on Bank Muamalat's ROA. Contrary to research (Muhammad 2005) that third-party funds are the most important source of funds for banks in financing their operational activities (Anshori 2007), activities are a sign of financial success. Whereas a high ROA will increase with a higher third-party fund. The findings of this study concur with a study by Murhadi (2011), who found no relationship between third-party funds and ROA.

TPF has no effect on the ROA of Muamlat Bank due to an imbalance between the number of sources of funds that enter and the amount of credit thrown out to the public. The higher the third-party funds collected in the Bank but not matched by lending, the greater the possibility of the Bank experiencing a loss or a decrease in profitability so that the return on assets or the effectiveness of the Bank in obtaining profits also decreases because interest income from lending to debtors is not sufficient to cover costs. Interest is to be paid to depositors.

5. Conclusion

All of the variables of NPF, BOPO, CAR, FDR, and TPF can affect the ROA value of Bank Muamalat Indonesia at the same time. NPF, BOPO, and TPF have no effect on ROA at Bank Mumalat Indonesia. Partially, NPF has a significant positive effect on ROA with a t-count value greater than t-table NPF 2.399>2.030 and a significant NPF of 0.022, which is smaller than the alpha of 0.05. BOPO has a significant negative effect on ROA at Bank Muamalat, which is indicated by the BOPO value of -2.085> 2,030 and a significant BOPO of 0.045, which is smaller than the alpha of 0.05. Furthermore, CAR has a positive and significant effect on the ROA of Bank Muamalat, with a t-count of 2.175 greater than a t-table of 2.030 and a significant CAR of 0.0370.05. FDR has a positive and significant effect on ROA at Bank Muamalat Indonesia, with a t count of 3.922 > 2.030 and a significant FDR of 0.000 then 0.05. FDR in this study is the variable that has the greatest influence on ROA at Bank Muamalat Indonesia. Meanwhile, TPF has no effect on the ROA of Bank Muamalat Indonesia, with a t-count of -1.674, smaller than t-table 2.030, and a significant TPF of 0.103, greater than alpha 0.05.

Bank Muamalat is expected to maintain the level of capital adequacy to support the Bank's financial, and operational activities. Muamalat will increase in distribution and financing. Bank Muamalat must pay attention to and monitor the movement of the ratio so that it is at an efficiency level that can generate optimal profits in a healthy bank. Performance in the FDR ratio must continue to be improved so that the ratio in the ability to provide and distribute financing can have a good impact on banks.

6. References

Anshori AG. 2007. Islamic Banking in Indonesia. Yogyakarta: Gajah Mada University Press.

Ardiyanto A, Wahdi N, Aprih S. 2020. The effect of ROA, ROE EPS and PBV on stock prices. Jurnal Bisnis dan Akuntansi Unsurnya. 5(1): 33-49.

Aryfudin M, Mulyadi. 2020. Analysis of factors affecting return on assets. Jurnal Akuntansi. 7(1): 56-63.

Darmawi H. 2014. Banking management. Jakarta: PT Bumi Aksara.

Dasari SA, Wirman. 2020. Effect of third party and non-perfomance financing funds on return on assets of sharia commercial Banks in Indonesia. Jurnal Perbankan Syariah. 6(2).

Dendawijaya L. 2009. Banking management. Jakarta: Ghalia Indonesia.

Fahmi I. 2015. Banking management: conventional and sharia. Jakarta: Mitra Wacana Media.

Ghozali I. 2013. Multivariate analysis applications with IBM SPSS 21 program. Semarang: Badan Penerbit Diponegoro.

Kasmir. 2014. Banking management. Jakarta: PT Raja Grafindo Persada.

Kusumo. 2018. Financial performance analysis of Bank Syariah Mandiri for the period 2002-2007. Jurnal Ekonomi Islam. 2(1): 112-3.

Made A, Sari AR. 2019. The effect of NPF, CAR and FDR on profitability of Islamic Banks. Jurnal Riset Mahasiswa Akuntansi. 7(2).

Mahmudah N, Harjanti R. 2016. Analyze of capital adequacy ratio (CAR), financing to deposit ratio (FDR), third party fund (DPK), and the level of revenue sharing on profitability (ROA) of Islamic commercial Bank that operates in Indonesia from 2011-2013. Poli Teknik Tegal. 50-62.

Muhaemin A, Wiliasih R. 2016. Analysis of factors affecting profitability of Islamic rural Banks in Indonesia. Jurnal Nisbah. 2(1): 191.

Muhaemin A. 2016. Analysis of factors affecting profitability of Islamic rural Banks in Indonesia. Jurnal Nisbah. 191.

Muhammad. 2005. Islamic Bank financing management. Yogyakarta: Akademi Manajemen Perusahaan YKPN.

Muljono TP. 2009. Management accounting applications in banking practice. Yogyakarta: BPFE.

Rembet W, Bramuli D. 2020. The effect of CAR, NPL, NIM, BOPO, LDR on study ROA on BUS listed on the IDX. Jurnal EMBA. 8(3): 121-9.

Rivai V. 2007. Bank and financial institution management: conventional and sharia system. Jakarta: PT Raja Grafindo Persada.

Rivai V, Basir S, Sudarto S, Veithzal A. 2013. Banking management from theory to practice. Jakarta: PT Raja Grafindo Persada.

Riyadi S. 2006. Banking assets and liability management. Jakarta: FE UI.

Saputra H. 2016. Analysis of Bank health level using CAMEL method (Case study at Bank Rakyat Indonesia Tbk). Jurnal Ekonomi.

Tanzeh A. 2011. Practical research methodology. Jakarta: Teras.

Tofan M, Munawa A. 2022. Analysis of the effect of third-party funds and lending rates on the profitability of State-Owned Banks. Jurnal Manajeman. 10(1).

Umam K. 2013. Islamic Banking management. Bandung: Pustaka Setia.

Wibisono MY. 2017. The influence of CAR, NPF, BOPO, FDR on ROA mediated by NOM. Jurnal Bisnis dan Manajemen.

Widyastuti PF, Aini N. 2021. The effect of CAR, NPL, LDR on profitability in 2017-2019. Jurnal Ilmiah Akuntansi. 12(3).