



CAR, NPL, BOPO, and LDR on Profit Growth of BPR Riau Province Period 2015-2019

Ahmad Zulkarnain Estu^{a*}, Sri Rahayu^a, Mimelientesa Irman^a, Anton^a, Pujiono Eddy^a

^aBusiness Faculty, Institut Bisnis dan Teknologi Pelita Indonesia, Indonesia

*Corresponding Author: ahmad.zulkarnain@lecturer.pelitaindonesia.ac.id

Article History

Received

15 May 2023

Revised

18 May 2023

Accepted

22 May 2023

Published

31 May 2023

ABSTRACT

The objective of this study is to analyze of capital adequacy ratio, non-performing loan ratio, operating expense to operating income, and loan deposit ratio to profit growth in rural banks in Riau Province for the 2015-2019 financial period. The sampling technique used was the purposive sampling method. The number of samples used in this study was 34 BPRs registered in Riau Province for the financial period 2015-2019. The analysis method used in this research is multiple regression analysis. The results showed that: partially CAR has a positive and insignificant effect on profit growth, partially NPL has a negative and insignificant effect on profit growth, partially BOPO has a negative and insignificant effect on profit growth, and partially LDR has a negative and significant effect on profit growth.

Keywords: CAR, NPL, BOPO, LDR, Profit Growth

INTRODUCTION

The world banking market is the backbone of a country's economy, both developing and developed countries. As an important institution, the bank has a function, one of which is as an intermediary institution, namely channeling parties who have excess funds (surplus) to those who need funds (deficit). This intermediation function will work well if the surplus and deficit has trust in the bank. Banking according to Law no. 10 of 1998, a bank is a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit and/or other forms in order to improve the standard of living of the common people. Bank is a financial institution that is a place for companies, government and private agencies, as well as individuals to store their funds. Seeing the importance of the role of banking, as a company, banks are encouraged to be more efficient and selective in managing, maintaining and implementing company management to be more professional.

Banking in Indonesia has an important goal, according to what is stated in the 1998 Banking Act that the aim of banking is to support national development in an effort to increase equity, economic growth and national stability to improve the welfare of society in general. In accordance with the 1998 banking law, the role of banking has an important role in advancing the economy of a country. Where banks can assist in providing business capital to the community in general so that it can move the real sector which will then affect the increase in national income in general. Rural Banks (BPR) are financial institutions that have an important role in driving the economy in Indonesia. The existence of BPR is very helpful for micro, small businesses and rural communities. BPRs that are part of the banking system must be healthy and can be trusted by the public so that they can contribute optimally to driving the economy as a whole. The development of the BPR business was driven by three main factors, namely government policies that provided opportunities for the establishment of BPRs, deregulation of the banking system that increased the space for BPRs to move and the high demand for banking services, especially in suburban and rural areas. The contribution of BPRs will become even more evident if the BPRs are in a healthy condition. Bank soundness assessment has become an important indicator in efforts to improve bank performance.

Based on Bank Indonesia Regulation Number 9/17/PBI/2007 dated 4 December 2007 concerning the Rating System for Rural Banks, it stipulates that the method used to assess the soundness of a bank is based on several factors such as capital, asset quality, profitability (Earnings), Liquidity (Liquidity) and Management (Management) where four factors are a quantitative analysis using financial ratios and one factor is a qualitative analysis. According to Baridwan (2004: 17) Financial reports are a summary of a recording process, a summary of financial transactions that occurred during the relevant financial year. Bank financial reports can be used as a measure of a bank's performance by analyzing financial statements (Pharaton, Ayuwardani, Dzulkhirom, & Farah, 2013). Calculations made to analyze a bank's financial performance can be performed using various analytical

techniques, including using ratio analysis techniques. Ratio analysis is an analysis used to determine the relationship between items in a financial report or items between the balance sheet and income statement (Kasmir, 2012). Financial ratio analysis is used as an analytical technique that is often used by all companies or banks, because this is the fastest technique used to determine a bank's financial performance.

Quantitative analysis using financial ratios is very important to be able to assess the soundness of a bank. According to Law No.9/1/PBI/2007 capital indicators in determining the soundness of a bank can be assessed using the Capital Adequacy Ratio (CAR), Asset Quality indicators using the NPL ratio, Earnings indicators assessed using the BOPO ratio approach, and liquidity indicators measured by the LDR approach. It can be assumed that a healthy bank will be able to perform well and generate optimal profits. Optimum profit growth (Alimunir et al., 2021; Jessica et al., 2022; Okalesa et al., 2022) reflects the system contained therein running effectively and efficiently. Profit information for banking management is no less important than the level of soundness, namely to find out the bank's performance in a certain period which describes the prospects for business results and for investors profit information is used as a reference for decision making in determining whether to make an investment or not. Investors certainly expect better profits than in previous years so that they can produce even bigger dividends that will be distributed by the company, so that profit growth is also vital in banking. The profit acquisition factor is an important part of a company's financial statements, especially banking companies. Profit is the result of work obtained from the bank in carrying out operational activities and is an important indicator of financial reports. The use of profit can be used as a basis for making investment decisions and future bank plans. Changes in profits that continue to increase or grow can have an impact on bank operational activities because they are able to strengthen bank capital.

One of the goals of the bank is to obtain profitability which will later be used to finance all operational activities and banking activities carried out. With this profitability, the bank will be able to develop and survive until future activities. Measuring the level of profitability is one method used to measure the ability of bank management to manage available capital to obtain net income. Profit is one of the potential information (Chandra et al., 2018) contained in financial reports which is very important for internal and external banking parties. Information about the company's financial position, company performance, company cash flow, and other information related to financial reports can be obtained from the company's financial reports. To understand information about financial statements, analysis of financial statements is needed (Boyer & Gibson, 1980). Banking in this case includes Rural Banks according to Bank Indonesia Circular Letter Number 6/23/DPNP/2004, are required to maintain their financial ratio figures which are measured using Return On Assets (ROA) for profitability, Capital Adequacy Ratio (CAR) for the level of capital adequacy, Non-Performing Loans (NPL) for non-performing loans, Loan Deposit to Ratio for liquidity levels, and operational costs to operating income (BOPO) for bank operational efficiency with predetermined conditions. According to these provisions, the level of good profitability is above 1.5% and the minimum limit is 1.25%. Considering that the level of profitability is very important for BPRs, BPRs must be aware of the factors that affect their profitability and the trend of declining profitability rates.

Factors influencing previous research conducted by (Aziri, Kamaliah, & Enni, 2018) and (Sudarmawanti & Pramono, 2017) regarding the effect of CAR on ROA show that CAR has a positive and significant effect on ROA, while research (Mutaqqin, Fajri, & Husein, 2017) shows that CAR has a positive but not significant effect on ROA. Research (Purnamasari, 2018) shows that in the long term the CAR and FDR variables have a negative and significant relationship, then the BOPO variable has a positive and significant relationship and the NPF variable has a negative and insignificant relationship, in the short term it shows the variable on the NPF variable there is a positive and significant relationship, while the CAR variable has a negative and insignificant relationship and the BOPO and FDR variables have a positive but not significant relationship with profit growth.

(Purwanto, 2016) in his research shows that the CAR variable has a significant effect on bank profit growth, the BOPO variable has a significant effect on profit growth, the LDR variable has a significant effect on profit growth, the IRR variable has a significant effect on profit growth indicating that simultaneously the independent variables have a significant effect on bank profit growth. This research is intended to further test empirical findings regarding financial ratios, especially predicting future earnings. The reason for choosing accounting profit is because profit reflects company performance, from the size of profit it can be seen whether the company has good performance or not. If it is considered that financial ratios have a significant influence on profit growth, this research is considered very useful for users of financial statements, whether they potentially have an interest in a company or not. Conversely, if the ratio is not significant enough to influence changes in earnings, the results of this study will strengthen evidence about the consistency of previous empirical findings. This study will conduct further tests on empirical findings regarding the effect of CAR, NPL, LDR, and BOPO on profit growth. The object of this study are BPRs in the Riau Province area, which according to data from the Financial Services Authority there were 34 Rural Banks (BPR) until the end of 2019. From this background, the writer is interested in choosing and writing about the influence of ratios CAMEL on profit growth. For this reason,

the authors take the title "The Effect of the CAMEL Ratio on Profit Growth at BPRs in Riau Province for the 2015-2019 Financial Period".

LITERATURE REVIEW

Rural Banks

According to RI Law Number 10 of 1998 Article 1 Paragraph 2 of the Amendments to Law No. 7 of 1992 concerning Banking stated that "Banks are business entities that collect funds from the public in the form of savings and distribute them to the public in the form of credit and or other forms in order to improve the standard of living of the common people". Judging from the activities carried out by banks, banks are divided into two, namely Commercial Banks and People's Credit Banks. Commercial banks are banks that carry out their business activities conventionally or based on sharia principles in their activities providing services in payment traffic, while Rural Banks (BPR) are banks that carry out their business activities conventionally or based on sharia principles, but do not provide services in traffic payment. BPR is an official banking institution regulated under Law no. 7 of 1992 concerning banking and as amended by Law No. 10 of 1998. According to (Herli, 2013) Rural Banks are bank financial institutions that only accept deposits in the form of savings, time deposits and or other forms that are equated with and channeling funds to improve the standard of living of people who carry out business activities through conventional principles or based on sharia principles which in their activities do not provide services in payment traffic.

Assessment of the Bank's Financial Health

The evaluation aspect of the capital owned by the BPR is suggested to the BPR's minimum capital adequacy requirement. The assessment is based on:

CAR (Capital Adequacy Ratio) or Minimum Capital Requirement (*Kewajiban Pemenuhan Modal Minimum / KPMM*) is an indicator of a bank's ability to develop its business and overcome the risk of loss. Provision of capital is based on Risk Weighted Assets (RWA). Capital Adequacy Ratio (CAR) is a capital ratio that shows the bank's ability to provide funds for business development purposes and accommodate possible loss ratios that may occur in bank operations. CAR is the ratio between total capital and risk-weighted assets (RWA). CAR can be formulated as follows:

$$CAR = \frac{\text{Owner's equity}}{RWA} \times 100\%$$

The Non-Performing Loan Ratio (NPL) is a credit ratio that shows the amount of credit disbursed that experiences problems regarding the failure of the debtor to fulfill its obligations to pay installments of principal and agreed interest. NPL is expressed by the following formula:

$$NPL = \frac{\text{Problem Credit}}{\text{Total Credit}} \times 100\%$$

The ratio of Operating Expenses to Operating Income (BOPO) is often called the efficiency ratio which is used to measure a bank's ability to control operating costs to operating income. The smaller this ratio means the more efficient the operational costs incurred by the bank concerned. BOPO is asked by the following formula:

$$BOPO = \frac{\text{Operating Costs}}{\text{Operating Income}} \times 100\%$$

A bank can be said to be liquid, if the bank concerned can pay all of its debts, especially savings deposits, demand deposits and time deposits when billed and can also fulfill all credit applications that are feasible to finance (Kasmir, 2012). The factor that represents the company's liquidity is a financial ratio that shows the ability of a bank to be able to meet obligations that are billed immediately. Credit is the total credit given to third parties. LDR is expressed using the following formula:

$$LDR = \frac{\text{Total Credits Given}}{\text{Total Third Party Funds (DPK)}} \times 100\%$$

Financial Statements

Financial statements are a summary of a process of recording financial transactions that occur during the relevant financial year, (Baridwan, 2004). Financial reports provide information about the condition of the company and the company's operating results. Financial reports can also be used as a communication tool with parties interested in company financial data. The company owner has an interest in the company's financial statements because the owner can find out and assess the success or failure of management's performance in

running the company's operations. The results achieved from the way the management works depend on the way the work or the efficiency of the management. Creditors or investors also have an interest in financial statements because, before creditors or investors lend funds to the company, these creditors need to know the working conditions or financial condition of the company, including businesses in the banking sector.

Profit Growth

The definition of profit according to (Baridwan, 2004), increases in capital (net assets) originating from side transactions or transactions that rarely occur from business entities and from all transactions or other events that affect business entities during one period except those included in revenue. or investment by the owner. While the meaning of profit according to (Soemarso, 2010) profit is the difference in excess of income over expenses in connection with business activities.

In general, companies are established to achieve certain goals, namely obtaining optimal profits with minimal sacrifice. In the basic concept of preparing and presenting financial statements, income is an increase in economic benefits during an accounting period in the form of income or additions to assets or decreases in liabilities resulting in an increase in equity that is not derived from investment contributions. Profit growth is calculated from the difference in profit between the current year and the previous year divided by the profit value. The profit growth formula is as follows:

$$\Delta Y\tau = \frac{Y_t - Y_{t-1}}{Y_{t-1}}$$

Hypotheses and Thinking Framework

Effect of CAR on Profit Growth

The CAR ratio according to (Taswan, 2010) is a comparison of bank capital with risk-weighted assets. The higher the CAR ratio indicates the healthier the bank's capital. Fulfillment of a minimum CAR of 8% indicates a bank complying with capital regulations. From this it can also be concluded that a high capital structure (CAR) means that the capital owned by the BPR is high and with that high capital. BPRs can take advantage of their capital to increase the amount of loans extended so that the interest income they earn is high which automatically results in high profitability (ROA) or profit growth will increase. Previous research conducted (Aziri et al., 2018) and (Sudarmawanti & Pramono, 2017) regarding CAR on ROA shows that CAR has a positive and insignificant effect on ROA. Based on the description above, the first hypothesis in this study is as follows:

H1: CAR has an effect on profit growth at BPRs in Riau Province for the 2015-2019 financial period.

The Effect of NPL on Profit Growth

The NPL ratio shows the ability of bank management to manage non-performing loans provided by banks. If a bank is in a high NPL condition, it will increase other costs, so that it has the potential to cause bank losses (Mawardi, 2005). The higher the NPL indicates that the bank is not professional in managing its credit so that the bank experiences bad credit which will eventually impact the bank's losses. Several previous studies have shown different results regarding the effect of NPL on ROA. The NPL studied by (Peling & Sedana, 2018) and (Peling & Sedana, 2018) showed that NPL had a negative and significant effect on ROA, whereas (Mutaqqin et al., 2017) stated that NPL had a positive and insignificant effect on ROA, and research conducted by (Sudarmawanti & Pramono, 2017) has a positive and significant effect on ROA. Based on the description above, the second hypothesis in this study is as follows

H2: NPL has an effect on profit growth at BPRs in Riau Province for the 2015-2019 financial period.

Effect of BOPO on Profit Growth

The BOPO ratio is the ratio between operating expenses and operating income. This ratio indicates the efficiency of a bank's operational costs, this is reinforced by the theory put forward (Taswan, 2010) that the lower the operational efficiency, the less efficient the bank is, or in other words, if the operational costs incurred are high, the profit earned is smaller so that lead to decreased profitability. The results of research on the effect of BOPO on ROA show that (Peling & Sedana, 2018) and (Mutaqqin et al., 2017) show that BOPO has a negative and significant effect on ROA, whereas (Aziri et al., 2018) and (Sudarmawanti & Pramono, 2017) conducted research which showed that BOP had a positive and significant effect on ROA. Based on the description above, the third hypothesis in this study is as follows:

H3: BOPO has an effect on profit growth at BPRs in Riau Province for the 2015 – 2019 financial period

The Effect of LDR on Profit Growth

According to (Taswan, 2010) LDR is credit to third party funds. LDR is used to measure the extent to which loan funds are sourced from public savings and own funds are used. The high or low of this ratio shows the bank's liquidity. A bank that has a high Loan to Deposit Ratio is described as a less liquid bank compared to a bank with a smaller ratio. Likewise, regarding the effect of LDR on ROA studied by (Peling & Sedana, 2018) and (Sudarmawanti & Pramono, 2017) showed that LDR had a positive and significant effect on ROA, whereas according to (Aziri et al., 2018) and (Mutaqqin et al., 2017) LDR has a negative and significant effect on ROA. Based on the description above, the fourth hypothesis in this study is as follows:

H4: LDR has an effect on profit growth at BPRs in Riau Province for the 2015-2019 financial period.

METHODOLOGY

Place and Time of Research

The place of this research is the People's Credit Bank in Riau Province. The time of the research was conducted from November 2020 – January 2021.

Population and Sample

According to (Sugiyono, 2015), population is a generalization area consisting of objects or subjects that have certain qualities and characteristics, determined by researchers to be studied and then conclusions drawn. The population in this study is from 34 BPRs in Riau Province which were registered with the Financial Services Authority in the 2015-2019 period. According to (Sugiyono, 2015) the sample is part of the number and characteristics of the population. If the population is large and research is not possible to study everything in the population. The method used in sampling in this study was to use a saturated sample technique. The sample in this study were all BPRs in Riau Province, of which there were 34 BPRs registered with the Financial Services Authority for the 2015-2019 period. Saturated Sample is a sampling technique when the entire population is used as a sample (Putri et al., 2022; Renaldo, Andi, et al., 2021; Renaldo, Suhardjo, et al., 2021). In this study, the variables to be studied are grouped into the dependent variable (Y) or the dependent variable and the independent variable (X) or independent.

Data Types and Sources

The type of data used in this research is secondary data with quantitative data. Data collection techniques are carried out by the documentation method. This method is a way of collecting data obtained from existing documents or stored records, whether in the form of transcripts, books, newspapers, and so on. The data is taken from www.ojk.go.id. The data used in this study is annual data, namely from 2015 - December 2019.

RESULTS AND DISCUSSION

Descriptive Analysis

Descriptive statistical analysis contains information in the form of minimum values, maximum values, average values and standard deviations of each variable. In this study, data on banking companies that met the population criteria were 34 companies with a sample selection period of all companies that had been registered as BPRs in Riau Province, 2015-2019 period. In this study, the sample used was a saturated sample, so a total sample of 170 data was obtained. Of the 170 data, after further testing, there are some data that have not passed the regression feasibility test, so some data that are (outliers) need to be removed so that the model becomes fit with the observation data, after deleting as many as 52 extreme data (outliers), then obtained fit data as much as 118 data. Based on the results of the statistical descriptive test in table 4.1, it can be seen that the average value of the profit growth variable is -14.68, CAR 30.99, NPL 14.05, BOPO 92.85, and LDR 76.07. While the standard deviation value of the profit growth variable was 87.47, CAR was 17.52, NPL was 10.96, BOPO was 17.52 and LDR was 14.49.

Normality Test

The normality test aims to determine whether the data distribution is normal or not. Good data is having normal or close to normal residual values. To find out if it is normal or not, a normality test can be carried out using the Kolmogorov-Smirnov test using a significance level of 5%. If the significance value is above 5% or 0.05 then the data has a normal distribution, whereas if the test results produce a significance value below 5% or 0.05 then the data does not have a normal distribution.

Table 1. Kolmogorov-Smirnov Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		118
Normal Parameters ^{a,b}	Mean	0.000
	Std. Deviation	84.294
Most Extreme Differences	Absolute	0.112
	Positive	0.112
	Negative	-0.053
Kolmogorov-Smirnov Z		1.219
Asymp. Sig. (2-tailed)		0.102
a. Test distribution is Normal.		
b. Calculated from data.		

Source: Processed data, 2020

Based on the results in table 1, it can be seen that the Kolmogorov-Smirnov value is 1.219 and a significance value is 0.102 which can be concluded that the data is normally distributed.

Autocorrelation Test

According to (Ghozali, 2016) the autocorrelation test is used to test whether in the linear regression model there is a correlation between sample members or observation data sorted by time, so that one data is influenced by previous data. Autocorrelation arises because successive observations over time are related to one another. A good regression model is a regression that is free from autocorrelation.

Table 2. Autocorrelation Test Results

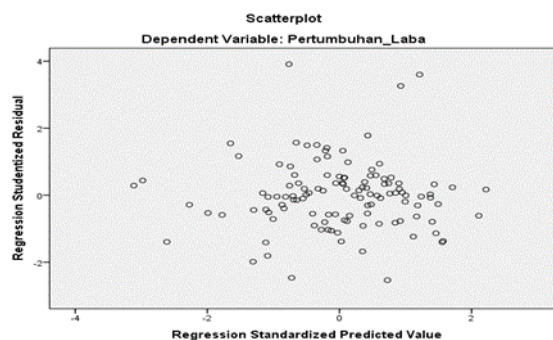
Change Statistics					Durbin-Watson
R Square Change	F Change	df1	df2	Sig. F Change	
0.071	2.171	4	113	0.077	2.048

Source: Results of Processed Data SPSS21, 2021

Based on the results in the table above, it can be seen that the Durbin-Watson value is 2.048, so it can be concluded that the data is free from autocorrelation.

Heteroscedasticity Test

The heteroscedasticity test was carried out to test a model whether in the regression model there was an inequality of residual variance from one observation to another. A good regression model is one that does not have heteroscedasticity. To test whether heteroscedasticity occurs or not, the scatterplot test is used. If the pattern formed spreads above and below zero, there is no symptom of heteroscedasticity.



Source: Processed Results of SPSS Data 21, 2021

Figure 1. Data Heteroscedasticity Test Results

Based on the scatterplot graph, it shows that there is a clear pattern and the data is spread evenly above and below the number 0 on the Y axis, so it can be concluded that there are no heteroscedasticity symptoms in the regression model.

Multicollinearity Test

According to (Ghozali, 2016) the multicollinearity test aims to find out whether in the regression model each (independent) variable is linearly related (correlation). This test can be detected by looking at the tolerance

value and variance inflation factor (VIF). If the tolerance value is greater than 0.1 and the VIF value is less than 10, it can be concluded that the data is good and there is no multicollinearity problem.

Table 3. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
CAR	0.963	1.038
NPL	0.627	1.595
BOPO	0.694	1.441
LDR	0.842	1.187

Source: Processed Results of SPSS Data 21, 2021

Based on the results in the table above, it can be seen that all independent variables have VIF values > 0.1 and <10, so it can be concluded that multicollinearity does not occur.

Multiple Regression Analysis

Table 4. Results of Multiple Regression Analysis

Variabel	Unstandardized Coefficients	
	B	Std. Error
(Constant)	126.316	65.184
CAR (X1)	0.008	0.461
NPL (X2)	-0.272	0.913
BOPO (X3)	-0.400	0.543
LDR (X4)	-1.318	0.596

Source: SPSS Processed Data 21, 2021

Based on the results of the overall regression calculation, the results of the regression equation are as follows:

$$Y = 126.316 + 0.08 X_1 - 0.272 X_2 - 0.400 X_3 - 1.318 X_4$$

Where:

Y = Profit Growth

X1 = CAR

X2 = NPLs

X3 = BOPO

X4 = LDR

Overall, the results of the regression equation above can be explained as follows: The constant is 126.316, meaning that if CAR (X1), NPL (X2), BOPO (X3) and LDR (X4) the value is 0, then Profit Growth (Y) the value is 126.316. CAR coefficient (X1) is 0.08, meaning that if the CAR variable (X1) increases by one unit, while NPL (X2), BOPO (X3) and LDR (X4) are constant, then profit growth will decrease by 0.08 units. The NPL coefficient (X2) is -0.272, meaning that if the NPL variable (X2) increases by one unit, while CAR (X1), BOPO (X3) and LDR (X4) are constant, then profit growth will decrease by -0.272 units. The BOPO coefficient (X3) is -0.400, meaning that if the BOPO variable (X3) increases by one unit, while CAR (X1), NPL (X2) and LDR (X4) are constant, then profit growth will decrease by -0.400 units. The LDR coefficient (X4) is -1,318 meaning that if the LDR (X4) variable increases by one unit, while CAR (X1), BOPO (X3) and LDR (X4) are constant, then profit growth will decrease by -1,318 units.

Determination Coefficient Test (R2 adjusted)

The coefficient of determination test was carried out to measure how far the model's ability to explain the variation of the dependent variable. The value of the coefficient of determination is between 0 - 1 and if Adjusted R2 is close to 1 then it means that the independent variables provide almost all the information needed to predict the variation of the dependent variable.

Table 5. Test Results for the Coefficient of Determination

Model	R Square	Adjusted R Square
1	0.071	0.038

Source: Processed Results of SPSS Data 21, 2021

Based on the results in the table above, it can be concluded that the independent variables CAR (X1), NPL (X2), BOPO (X3) and LDR (X4) are only able to explain the dependent variable Profit Growth (Y) of 3.80%, while the remaining 96.20% is explained by the variable other than this research.

t test (Partial)

The t test was conducted to test the effect of each independent variable on the dependent variable. The statistical t value will be compared with the t table value of each variable. The value of t table with $\alpha = 0.05$ and $df = n-k-1 = 118-4-1$ so that a t table of 1.98118 or 1.98 is obtained. The basis for making a decision on the t test is as follows: (1) If $\text{Sig } t < 0.05$, then H_0 is rejected and H_a is accepted, which means that the independent variable has a significant influence on the dependent variable. (2) If $\text{Sig } t > 0.05$, then H_0 is accepted and H_a is rejected, which means that the independent variable has no significant effect on the dependent variable.

Table 7. Test Results t

Variabel	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	126.316	65.184		1.938	0.055
CAR (X1)	0.008	0.461	0.002	0.018	0.986
NPL (X2)	-0.272	0.913	-0.034	-0.298	0.766
BOPO (X3)	-0.400	0.543	-0.080	-0.737	0.463
LDR (X4)	-1.318	0.596	-0.218	-2.211	0.029

Source: SPSS Processed Data 21, 2021

Based on the table above, it can be concluded that only one independent variable shows a significant effect, namely LDR (X4) with a significance of 0.029. Based on the results in table 7, the results of the t test can be explained as follows: (1) The t test of the CAR variable on profit growth shows a tcount value of 0.018 < table 1.98 with a significance obtained of 0.986 > 0.05 and shows a positive relationship. Thus, partially CAR has a positive and insignificant effect on profit growth at BPRs in Riau Province for the financial period 2015 - 2019. (2) The t-test of the NPL variable on Profit Growth shows a tcount value of -0.298 < ttable 1.98 with a significance obtained of 0.766 > 0.05 and shows a negative relationship direction. Thus, partially NPL has a negative and insignificant effect on profit growth at BPRs in Riau Province for the financial period 2015 - 2019. (3) The t-test of the BOPO variable on Profit Growth shows a tcount value of -0.737 < ttable 1.98 with a significance obtained of 0.463 > 0.05 and shows a negative relationship direction. Thus, partially BOPO has a negative and insignificant effect on profit growth at BPRs in Riau Province for the financial period 2015 - 2019. (4) The t-test of the LDR variable on profit growth shows a tcount value of -2.211 < ttable 1.98 with a significance obtained of 0.029 < 0.05 and shows the direction of a negative relationship. Thus, partially NPL has a negative and significant effect on profit growth at BPRs in Riau Province for the 2015-2019 financial period.

Discussion of Research Results

Effect of CAR on Profit Growth

Based on the results of the regression analysis for the CAR ratio, it shows a positive relationship. Based on the hypothesis test, it can be concluded that partially CAR has a positive and insignificant effect on profit growth at BPRs in Riau Province for the financial period 2015 - 2019.

The CAR ratio according to (Taswan, 2010) is a comparison of bank capital with risk-weighted assets. The higher the CAR ratio indicates the healthier the bank's capital. High capital owned by BPRs can be used to increase the amount of loans extended so that the interest income earned is high which automatically results in high profitability (ROA) or profit growth will increase. the capital component that has the strongest and most stable characteristics to absorb risk. If seen from the results of the analysis above, it can be concluded that when a company has sufficient capital resilience, the potential for the company to increase profits will be greater, because the company can provide more credit to debtors. And this is in line based on the results of the hypothesis which shows that capital adequacy will have a more positive impact.

The results of this study support previous research conducted by (Aziri et al., 2018) and (Sudarmawanti & Pramono, 2017) regarding CAR on ROA indicating that CAR has a positive and insignificant effect on ROA.

The Effect of NPL on Profit Growth

The results of the regression analysis for the NPL ratio show a negative relationship to Profit Growth. Based on the hypothesis test, it can be concluded that partially CAR has a negative and insignificant effect on profit growth at BPRs in Riau Province for the financial period 2015 - 2019.

The NPL ratio shows the ability of bank management to manage non-performing loans provided by banks. If a bank is in a high NPL condition, it will increase other costs, so that it has the potential to cause bank losses (Mawardi, 2005). Creditors or investors have an interest in financial statements, one of which contains non-performing ratio information. Before creditors or investors lend funds to the company, these creditors need to know the working conditions or financial condition of the company, including businesses in the banking sector. High NPLs reduce investor confidence in bank performance, which will hamper cash flow for the company. This can mean that NPL can have a negative impact on profit growth.

The results of this study have similarities to research conducted by (Peling & Sedana, 2018) and (Mutaqqin et al., 2017) indicating that NPL has a negative and significant effect on ROA. And it also contradicts the research conducted by Sudarmawanti and (Sudarmawanti & Pramono, 2017) which states that NPL has a positive and significant effect on ROA.

Effect of BOPO on Profit Growth

The results of the regression analysis for the BOPO variable show a negative relationship. Based on the hypothesis test, it can be concluded that partially BOPO has a negative and insignificant effect on profit growth at BPRs in Riau Province for the 2015-2019 financial period.

The BOPO ratio is the ratio between operating expenses and operating income. This ratio indicates the efficiency of a bank's operational costs, this is reinforced by the theory put forward by Taswan (Taswan, 2010) that the lower the operational efficiency, the less efficient the bank is, or in other words, if the operational costs incurred are high, the profit earned is smaller. Thus, causing decreased profitability. The company's cash flow is divided into two parts, namely cash inflows and cash outflows. Ineffective use of funds will reduce the company's cash composition. Meanwhile, to generate profits, companies need to use equity carefully. If based on the results of the research above, it can be interpreted that high operating expenses will affect profit growth in a negative direction, or in other words it can reduce profit growth (earnings).

The results of this study have similarities with research conducted by (Peling & Sedana, 2018) and (Mutaqqin et al., 2017) which show that BOPO has a negative and significant effect on ROA or Profit Growth. While this research also contradicts research conducted (Aziri et al., 2018) and Sudarmawanti and (Sudarmawanti & Pramono, 2017) where research conducted shows that BOP has a positive and significant effect on ROA.

The Effect of LDR on Profit Growth

The results of the regression analysis for the LDR variable show a negative relationship. Based on the hypothesis test, it can be concluded that partially LDR has a negative and significant effect on profit growth at BPRs in Riau Province for the financial period 2015 - 2019.

According to (Taswan, 2010) LDR is credit to third party funds. LDR is used to measure the extent to which loan funds are sourced from public savings and own funds are used. The high or low of this ratio shows the bank's liquidity. A bank that has a high Loan to Deposit Ratio is described as a less liquid bank compared to a bank with a smaller ratio. Investors use the company's financial statements to make investment decisions. When the LDR is high, this means that the company's capital is low. Of course, this will affect the level of profit growth generated, where when the company is not liquid, meaning that there are not enough funds available that can be used to increase profit growth. Based on this discussion, it can also be interpreted that BPRs that have a high LDR value will have a negative influence on the company's profit growth.

The results of this study support previous research conducted by (Aziri et al., 2018) and (Mutaqqin et al., 2017) which stated that LDR had a negative and significant effect on ROA. And it also contradicts the results of research (Sudarmawanti & Pramono, 2017) which shows that LDR has a positive and significant effect on ROA.

CONCLUSION

Conclusion

Based on the results of the data analysis that has been carried out and the discussion related to the research in the previous chapters, the conclusions that can be drawn in this study are: (1). Partially, CAR has a positive and insignificant effect on profit growth at BPRs in Riau Province for the financial period 2015 - 2019. This means

that the value of the CAR ratio can have a positive impact on profit growth for companies. (2) Partially, NPL has a negative and insignificant effect on profit growth at BPRs in Riau Province for the 2015-2019 financial period. This means that when the NPL ratio is high, it will negatively affect profit growth performance. (3) Partially BOPO has a negative and insignificant effect on profit growth at BPRs in Riau Province for the financial period 2015 - 2019. This means that when the BOPO ratio increases, the company's profit growth will move negatively. (4) Partially, LDR has a negative and significant effect on profit growth at BPRs in Riau Province for the financial period 2015 – 2019. This means that a high LDR ratio will significantly affect the company's profit growth in a negative direction, or it can be said that the company will experience losses.

Recommendation

Based on the results of this study, the researchers would like to provide useful suggestions for further research as well as for company management and investors including: (1) For investors, the results of this study indicate that there is a significant influence of the Loan Deposit Ratio (LDR) on profit growth. Therefore, investors who wish to invest in BPRs need to pay attention to the LDR or Solvency level of the company. Because high solvency has a significant effect on profit growth within the company. This is to reduce losses that will be experienced by investors. (2) For company management, it is hoped that company management pays attention to the level of Loan Deposit Ratio (LDR) so that it remains within normal limits. Because in this study there is a significant influence of the Loan Deposit Ratio (LDR) on the company's profit growth. It is also hoped that the company will always maintain good performance, in order to optimize profit growth for the company. (3) For academics, the results of this study prove that the CAR, NPL, and BOPO variables do not have a significant effect on the Profit Growth variable. So that in future research it is expected to examine other variables that are thought to influence profit growth that have not been included in this study such as environmental performance (Renaldo, Andi, et al., 2021; Renaldo, Suhardjo, Suyono, Putri, et al., 2022; Sudarno, Renaldo, Hutahuruk, et al., 2022), swot analysis (Nyoto et al., 2023), capital structure (Suyono et al., 2022), earnings management (Renaldo, Suharti, et al., 2022; Renaldo & Murwaningsari, 2023; Sudarno, Renaldo, Veronica, et al., 2022; Suhardjo et al., 2022), exchange rate (Firmansyah et al., 2022), business intelligence (Renaldo, Suhardjo, Suharti, et al., 2022; Renaldo et al., 2023), social performance (Renaldo, Fadrul, Andi, Sevendy, et al., 2022; Renaldo, Junaedi, Hutahuruk, Fransisca, et al., 2022; Renaldo, Suhardjo, Suyono, Andi, et al., 2022), efficiency strategy (Renaldo, Hafni, et al., 2022), and any other variables. For further research it is recommended to add a longer period of research or observation, not limited to research samples which can also be added for even better research results.

REFERENCES

- Alimunir, H., Eryvna, & Irman, M. (2021). Pengaruh Current Ratio, Debt To Equity Ratio, Total Assets Turnover, dan Sales Growth terhadap Return on Asset Perusahaan Manufaktur Sub Sektor Makanan dan Minuman yang Terdaftar di Bursa Efek Indonesia Tahun 2015-2019. *LUCRUM: Jurnal Bisnis Terapan*, 1(1), 111–122. <http://www.ejournal.pelitaindonesia.ac.id/ojs32/index.php/lucrum/index>
- Aziri, R. D., Kamaliah, & Enni, S. (2018). Analisis faktor yang mempengaruhi profitabilitas pada bank perkreditan rakyat di kota pekanbaru (periode tahun 2012 sampai dengan tahun 2016). *JURNAL TEPAK MANAJEMEN BISNIS*, X(2), 312–329.
- Baridwan, Z. (2004). *Intermediate Accounting (Edisi Kede)*. Yogyakarta: BPF.
- Boyer, G., & Gibson, D. J. (1980). Managerial Ownership, Information Content of Earnings, and Discretionary Accruals in a Non-US Setting. *Journal of Business Finance and Accounting* (Vol.29. No).
- Chandra, T., Renaldo, N., & Putra, L. C. (2018). Stock Market Reaction towards SPECT Events using CAPM Adjusted Return. *Opción, Año 34*(Especial No.15), 338–374.
- Firmansyah, A., Suyono, Renaldo, N., Sevendy, T., & Stevany. (2022). Analisis Pengaruh Nilai Kurs Rupiah, Harga Emas Dunia, Harga Minyak Dunia, Current Ratio (CR), Return On Assets (ROA) dan Debt to Equity Ratio (DER) Terhadap Return Saham Perusahaan Sektor Pertambangan yang Terdaftar di Bursa Efek Indonesia. *Procuratio: Jurnal Ilmiah Manajemen*, 10(4), 400–413. <http://ejournal.pelitaindonesia.ac.id/ojs32/index.php/PROCURATIO/index>
- Ghozali. (2016). *Aplikasi Analisis Multivariate Dengan Program IBM SPSS 23*. In Badan Penerbit Universitas Diponegoro (Vol. 8). Semarang.
- Herli, A. (2013). *Buku Pintar Pengelolaan BPR dan Lembaga Keuangan Pembiayaan Mikro* (Andi, ed.). Yogyakarta.

- Jessica, F., Purnama, I., Pujiono, Irman, M., & Riandi, R. (2022). Analisis Struktur Modal dengan Menggunakan Struktur Aktiva, Growth Opportunity, Ukuran Perusahaan, dan Profitabilitas pada Perusahaan Makanan dan Minuman yang Terdaftar di Bursa Efek Indonesia. *LUCRUM: Jurnal Bisnis Terapan*, 2(2), 154–166.
- Kasmir. (2012). *Analisis Laporan Keuangan*. Jakarta: PT. Raja Grafindo Persada.
- Mawardi, W. (2005). Analisis Faktor-Faktor Yang Mempengaruhi Kinerja Keuangan Bank Umum Di Indonesia (Studi Kasus Pada Bank Umum Dengan Total Assset Kurang Dari 1 Triliun). *Jurnal Bisnis Strategi*, vol 14, no.
- Mutaqqin, Fajri, & Husein. (2017). Pengaruh CAR, BOPO, NPL dan LDR Terhadap ROA Pada Bank Konvensional Di Indonesia (Studi Kasus pada Bank Konvensional yang Terdaftar di BEI. *EJournal Administrasi Bisnis*, 05(04), 1229–1240.
- Nyoto, Renaldo, N., & Effendi, I. (2023). SWOT Analysis of Economic Impact Development of Potential Kuantan Singingi Pacu Jalur Tourism Development. *The Seybold Report*, 18(02), 1342–1349. <https://doi.org/10.17605/OSF.IO/T58CF>
- Okalesa, Pratama, D., & Irman, M. (2022). Analisis Pengaruh Default Risk, Growth Opportunities, Profitabilitas dan Ukuran Perusahaan terhadap Earnings Response Coefficient (ERC) (Studi pada Perusahaan Sektor Industri Barang Konsumsi yang Terdaftar di Bei Periode 2016 – 2019). *LUCRUM: Jurnal Bisnis Terapan*, 2(1), 94–108.
- Peling, I., & Sedana, I. (2018). Pengaruh Ldr, Npl, dan Bopo Terhadap Profitabilitas tahun 2009-2016, Bali. *Jurnal Manajemen UNUD*, 7(6), 2999–3026.
- Pharaton, Ayuwardani, A., Dzulkirom, & Farah, D. (2013). *Analisis Rasio Keuangan Perbankan Sebagai Alat Ukur Kinerja Keuangan Bank*. Fakultas Ilmu Administrasi Universitas Brawijaya, Malang.
- Purnamasari, I. R. (2018). Pengaruh Rasio Keuangan Terhadap Pertumbuhan Laba Bank Pembiayaan Rakyat Syariah Di Indonesia.
- Purwanto, H. (2016). Pengaruh Kesehatan Bank Terhadap Pertumbuhan Laba Pada Perusahaan Bank Go-Publik di Bursa Efek Indonesia. *Journal of Chemical Information and Modeling*, 53(9), 1689–1699.
- Putri, I. Y., Renaldo, N., Andi, Fransisca, L., Suhardjo, Suyono, & Erwin. (2022). Sustainability Report Disclosure and Profitability as a Strategy to Increase Future Firm Value in the Indonesian Banking Sector. *International Journal of Advanced Multidisciplinary Research and Studies*, 2(1), 100–104.
- Renaldo, N., Andi, Nur, N. M., Junaedi, A. T., & Panjaitan, H. P. (2021). Determinants of Firm Value for Wholesale Sub-sector Companies in 2016-2019 with Behavioral Accounting Approach. *Journal of Applied Business and Technology*, 2(1), 1–12. <https://doi.org/https://doi.org/10.35145/jabt.v2i1.55>
- Renaldo, N., Fadrul, Andi, Sevendy, T., & Simatupang, H. (2022). The Role of Environmental Accounting in Improving Environmental Performance through CSR Disclosure. *International Conference on Business Management and Accounting (ICOBIMA)*, 1(1), 17–23. <https://doi.org/https://doi.org/10.35145/icobima.v1i1.2743>
- Renaldo, N., Hafni, L., Hocky, A., Suhardjo, & Junaedi, A. T. (2022). The Influence of Digital Technology and Efficiency Strategy on Business Sustainability with Quality Management as Moderating Variables. *2nd International Conference on Business & Social Sciences*, 1464.
- Renaldo, N., Junaedi, A. T., Hutahuruk, M. B., Fransisca, L., & Cecilia. (2022). Social Accounting and Social Performance Measurement in Corporate Social Responsibility. *International Conference on Business Management and Accounting (ICOBIMA)*, 1(1), 10–16. <https://doi.org/https://doi.org/10.35145/icobima.v1i1.2742>
- Renaldo, N., & Murwaningsari, E. (2023). Does Gender Diversity Moderate the Determinant of Future Firm Value? *Review of Economics and Finance*, 21, 680–689. <https://doi.org/https://doi.org/10.55365/1923.x2023.21.72>
- Renaldo, N., Suhardjo, Putri, I. Y., Sevendy, T., & Juventia, J. (2021). Penilaian Harga Saham Berbasis Web pada Perusahaan Sektor Aneka Industri Tahun 2020. *Kurs: Jurnal Akuntansi, Kewirausahaan Dan Bisnis*, 6(1), 91–102. <http://www.ejournal.pelitaindonesia.ac.id/ojs32/index.php/KURS/article/view/1309/711>
- Renaldo, N., Suhardjo, Suharti, Suyono, & Cecilia. (2022). Optimizing Company Finances Using Business Intelligence in Accounting. *Journal of Applied Business and Technology*, 3(2), 209–213. <https://doi.org/https://doi.org/10.35145/jabt.v3i2.107>

- Renaldo, N., Suhardjo, Suyono, Andi, Veronica, K., & David, R. (2022). Good Corporate Governance Moderates the Effect of Environmental Performance and Social Performance on Financial Performance. *International Conference on Business Management and Accounting (ICOBIMA)*, 1(1), 1–9. <https://doi.org/https://doi.org/10.35145/icobima.v1i1.2741>
- Renaldo, N., Suhardjo, Suyono, Putri, I. Y., & Cindy. (2022). Bagaimana Cara Meningkatkan Kinerja Lingkungan Menggunakan Green Accounting? Perspektif Generasi Z. *Kurs: Jurnal Akuntansi, Kewirausahaan Dan Bisnis*, 7(2), 134–144.
- Renaldo, N., Suharti, Suyono, & Suhardjo. (2022). *Manajemen Laba Teori dan Pembuktian* (T. Chandra & Priyono (eds.)). CV. Literasi Nusantara Abadi.
- Renaldo, N., Suyono, Andi, Putri, N. Y., & Cecilia. (2023). How Business Intelligence, Intellectual Capital, and Company Performance Increase Company Value? Leverage as Moderation. *Journal of Applied Business and Technology*, 4(1), 93–99. <https://doi.org/https://doi.org/10.35145/jabt.v4i1.123>
- Soemarso, S. (2010). *Akuntansi Suatu Pengantar (Cetakan Ke)*. Jakarta: Salemba Empat.
- Sudarmawanti, E., & Pramono, J. (2017). Pengaruh CAR, NPL, BOPO, NIM dan LDR Terhadap ROA (Studi Kasus Pada Bank Perkreditan Rakyat di Salatiga yang terdaftar di Otoritas Jasa Keuangan tahun 2011 - 2015). *Among Makarti*, 10(19), 1–18.
- Sudarno, Renaldo, N., Hutahuruk, M. B., Suhardjo, Suyono, Putri, I. Y., & Andi. (2022). Development of Green Trident Measurements to Improve Environmental Performance: Literature Study. *International Journal of Advanced Multidisciplinary Research and Studies*, 2(1), 53–57.
- Sudarno, Renaldo, N., Veronica, K., Suhardjo, & Hutahuruk, M. B. (2022). Konsekuensi Manajemen Laba terhadap Relevansi Nilai di Indonesia. *LUCRUM: Jurnal Bisnis Terapan*, 2(2), 194–206.
- Sugiyono. (2015). *Metode Penelitian Kombinasi (Mix Methods)*. Bandung: Alfabeta.
- Suhardjo, Renaldo, N., Andi, Sudarno, Hutahuruk, M. B., Suharti, & Veronica, K. (2022). Bonus Compensation and Real Earnings Management: Audit Committee Effectiveness as Moderation Variable. *The Accounting Journal of BINANIAGA*, 07(01), 89–102. <https://doi.org/10.33062/ajb.v7i1.495>
- Suyono, Renaldo, N., Suhardjo, Sevendy, T., & Hia, E. R. (2022). Analisis Pengaruh DER dan CR terhadap ROA dan Harga Saham pada Perusahaan Manufaktur yang Terdaftar di BEI Periode 2015-2019. *Bilancia: Jurnal Ilmiah Akuntansi*, 6(2), 170–179. <http://www.ejournal.pelitaindonesia.ac.id/ojs32/index.php/BILANCIA/index>
- Taswan. (2010). *Manajemen Perbankan Konsep, Teknik, dan Aplikasi (edisi 2)*. Yogyakarta: UPP STIM YPKN. www.ojk.go.id