



THE EFFECT OF THIRD PARTY FUND, LDR AND OPERATIONAL COSTS ON OPERATIONAL INCOME ON ROA IN PUBLIC CREDIT BANK

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ABSTRAK (Bahasa Inggris)

The purpose of this study was to determine the effect of Third Party Funds, Loan Debt Ratio and Operational Cost of Operating Income on Return On Assets in Rural Banks in Buleleng Regency. The type of data from this research is quantitative and qualitative data. Sources of data in this study are primary data and secondary data.

The problem in this study is whether third-party funds affect the return on assets in rural banks in Buleleng regency, whether the loan debt ratio affects the return on assets in rural banks in Buleleng, whether operational costs of operating income affect the return on assets in rural banks in Buleleng regency and whether third-party funds, loan debt ratio and operating income operational costs affect the return on assets in rural banks in Buleleng regency.

The results of this study are that third party funds have a negative and significant effect on return on assets in rural banks in Buleleng Regency, loan to debt ratio has a negative but not significant effect on return on assets in rural banks in Buleleng, operational costs of income operational has a negative and significant effect on return on assets in rural banks in Buleleng Regency and third party funds, loan to debt ratio, and operational costs of operating income have a significant effect on return on assets in rural banks in Buleleng Regency

Keywords: *Third Party Funds, LDR, Operational Costs Operating Income and ROA*

INTRODUCTION

BPR as a financial institution that has provided services especially to micro and small enterprises (UMK) and rural communities is recognized as having a role in the Indonesian economy, especially in supporting the development of MSEs. Performance appraisal for management is an assessment of achievements. The measure of achievement can be seen from profitability. Banks need to maintain high profitability, develop business prospects, distribute dividends properly, and meet prudential banking regulations properly so that their performance is considered good. Bank financial reports are the main source of bank performance appraisals. The ratios calculated in the financial statements can be the basis for evaluating bank performance.

For every commercial bank, it is imperative to maintain the health of the bank in order to be able to compete and provide good services to customers. As well as in carrying out its operational activities, the bank has the main goal of achieving the maximum level of profitability.

Profitability is the company's ability to earn profits during a certain period (Munawir, 2010: 33). It is important for banks to keep their profitability stable and even increase to fulfill obligations to shareholders, increase the attractiveness of investors in investing, and increase public confidence in saving excess funds held in the bank. The point is that profitability shows the efficiency of the company (Kasmir, 2002: 44) .

There have been many studies that discuss the profitability of banks, but there are still differences in the results of previous studies. The existence of the results of previous studies which are always inconsistent makes this research more interesting for further research. Based on the above problem, the authors are interested in conducting research with the title "The Effect of Third Party Funds, Loan To Deposit Ratios and Operational Income Costs Against Return On Assets at Rural Banks in Buleleng Regency which are Registered in the Financial Services Authority".

From the background above, it can be concluded that the problem formulation is as follows:

1. Do Third Party Funds affect the Return On Assets of Rural Banks throughout Buleleng Regency?
2. Does the Loan Debt Ratio affect the Return On Assets of Rural Banks in Buleleng Regency?
3. Does the Operating Cost of Operating Income affect the Return On Assets of Rural Banks in Buleleng Regency?
4. Do Third Party Funds, Loan Debt Ratio and Operating Costs Operational Income affect the Return On Assets at Rural Banks in Buleleng Regency?

METHODS

According to the book Research Methods by Sugiyono (2012) Population is a generalization area consisting of objects or subjects that have certain qualities and characteristics that are determined by the researcher to study and then draw conclusions. The total number of BPRs in Buleleng Regency has a total of 6 BPRs, all BPRs are willing to provide financial data for the last 5 years. In this study the population is the financial statements of BPR Bank 45, BPR Indra Candra, BPR Kanaya, BPR Nur Abadi, BPR Nusamba Kubutambahan and BPR Suryajaya Kubutambahan. While the sample used is the BPR financial statements for 5 years, the period 2016 to 2020.

RESULT AND DISCUSSION

Table 1. Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.309	.050		6.152	.000
DPK	-.011	.002	-.735	-5.027	.000
LDR	-.003	.003	-.164	-1.058	.300
BOPO	-.105	.014	-.949	-7.374	.000

Source: Processed data

The Effect of TPF on ROA

Based on the research results, the effect of TPF on ROA in Rural Banks in Buleleng Regency is 0.386 with a significant number (P value) of 0.000 which is negative. With the rate ($\alpha = 0.05$). The significance number (P value) is $0.000 < 0.05$. On the basis of this comparison, it means that the TPF variable has a significant negative effect on the ROA variable. This result is not in line with what Dendawijaya (2009: 49) states that third party funds collected from the public are the largest source of funds that banks rely on most. With the increase in third party funds, the funds allocated

for lending will also increase so that it will also increase bank income which will have an impact on increasing the profitability of the bank. In this study, H_0 was rejected, which means that there is a partially negative and significant effect of TPF on ROA.

This significant effect indicates that the size of the DPK value will affect the value of the ROA in the People's Credit Bank in Buleleng Regency. This is supported by research conducted by Yoli (2013) which states that TPF has a significant negative effect on ROA.

Effect of LDR on ROA

Based on the research results, the effect of LDR on ROA in Rural Banks in Buleleng Regency is 0.675 with a significant number (P value) of 0.300 which is negative. With the rate ($\alpha = 0.05$). The significance number (P value) is $0.300 > 0.05$. On the basis of this comparison, it means that the LDR variable has a negative but not significant effect on the ROA variable. This result is not in line with the existing theory, that with a high Loan To Deposit Ratio, it can be assumed that cash flow from loan companies and interest payments from borrowers at the bank is not proportional to the need to meet the cash outflow for withdrawing current accounts, savings and falling deposits. time from society. The higher the Loan To Deposit Ratio of a bank, the greater the credit channeled, which will increase bank interest income and will result in an increase in profits so that the Loan To Deposit Ratio has a positive effect on Return On Assets. In this study, H_0 was accepted, which means that there is a negative but not significant effect of LDR on ROA. This insignificant effect indicates that the size of the LDR value does not affect ROA at Rural Banks in Buleleng Regency. This is supported by research conducted by Delsy (2014) that LDR has no significant effect on ROA.

Effect of BOPO on ROA

Based on the research results, the effect of BOPO on ROA in Rural Banks in Buleleng Regency is 0.687 with a significant number (P value) of 0.000 which is negative. With the rate ($\alpha = 0.05$). The significance number (P value) is $0.000 < 0.05$. On the basis of this comparison, it means that the BOPO variable has a significant negative effect on the ROA variable. This result means that the smaller the ratio of Operating Costs to Operating Income indicates the more efficient a bank is in carrying out its business activities, so that in managing the Bank's business it will increase profits, on the contrary, the greater the value of the Operational Cost to Operating Income ratio, the more inefficient it is in running its main business and has an impact on decreasing profit. In this study H_0 was rejected, which means that there is a significant negative effect of BOPO on ROA. These results are supported by research conducted by Nur Aini (2013) and Kadek Nandari (2018) that BOPO has a significant negative effect on ROA.

Effect of TPF, LDR and BOPO on ROA

Based on the research results, the effect of TPF, LDR and BOPO on ROA in Rural Banks in Buleleng Regency is 0.908 with a significant figure (P value) of 0.000. With the rate ($\alpha = 0.05$). The significance number (P value) is $0.000 < 0.05$. On the basis of these comparisons, it means that the DPK, LDR and OEOI variables simultaneously (together) have an effect on the ROA variable. This means that the more third party funds, the more credit is issued. Banks with a high level of aggressiveness (which is reflected in a high Loan To Deposit Ratio) will experience liquidity difficulties (and also a decrease in profitability). The higher the Loan To Deposit Ratio of a bank, the greater the credit channeled, which will increase bank interest income and will result in an increase in profits. Apart from third party funds and the loan to deposit ratio, operating expenses for operating income are also one of the factors that affect the level of profitability of a company or bank. The smaller the ratio of Operational Costs to Operating Income, the more efficient the

bank is in running its main business and has an impact on increasing profits. In this study, H_0 is rejected, which means that there is a simultaneous significant effect of TPF, LDR, and BOPO on ROA. These results are supported by research conducted by Putri (2018) that TPF, LDR and BOPO have a significant effect simultaneously on ROA. This means that any changes that occur in the independent variables, namely DPK, LDR and BOPO, can increase ROA at Rural Banks in Buleleng Regency. Different, the work environment shows a positive influence on work productivity.

CONCLUSION

Based on the results of statistical and hypothesis testing as well as the discussion that has been carried out, the following conclusions can be drawn.

1. Third party funds have a negative and significant effect on Return on assets at Rural Banks in Buleleng Regency.
2. The Loan To Debt Ratio has a negative but insignificant effect on Return on assets at Rural Banks in Buleleng Regency.
3. Operating costs operating income have a negative and significant effect on Return on assets at Rural Banks in Buleleng Regency.
4. Third party funds, Loan To Debt Ratio, and operating income operating costs have a significant effect on Return on assets at Rural Banks in Buleleng Regency.

SUGGESTION

Based on the results and conclusions stated above, several suggestions can be made, namely as follows.

1. Rural Banks must pay attention to the value of third party funds, by increasing the amount obtained from third party funds (Savings, Deposits and Current Accounts) so that banks can carry out business activities at a higher rate to earn a profit.
2. It is expected that the Rural Bank will be more efficient in managing its operational activities so that the level of bank efficiency is higher, because the lower operating costs indicate the more efficient a bank is in carrying out its business activities, so that in managing the Bank's business, it will increase profits.
3. For further researchers, it is recommended to use a longer and more developing research period by using other variables that influence lending

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