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# The Effect of Financial Ratio (Car, FDR, NPF and BOPO) on the Profitability Level in PT Bank Muamalat Indonesia TBK

By Fitratin Nimah & Wahyudin Maguni

*Abstract-* Profitability Ratio is a ratio to measure the level of profit obtained by a company. One of the Islamic banks in Indonesia since 1992, namely Bank Muamalat Indonesia (BMI). Based on financial report data for 2014-2016, BMI experienced a decline in assets, causing the profitability of the bank to decline. Therefore, BMI issued new shares through HMTD (Pre-emptive Rights) to obtain fresh funds in order to meet the shortage of liquidity that had occurred to BMIs for the past 4 years. Liquidity deficiency occurs due to a decrease in the rate of return of financing that reaches 6% above the maximal stipulations set by Bank Indonesia and has an impact on decreasing BMI income or profits, known as profitability. So this study was conducted to determine what factors affect the level of profitability in BMI since the last 4 years with indicators of assessment, among others: CAR (Capital Adequate Ratio), FDR (Financing Deposit Ratio), NPF (Non Performing Financing), and BOPO (Cost Operations on Operating Income). This research is a descriptive quantitative study using BMI financial report data for 2014-2017 taken from the BMI website as a data source. Data analysis in this study is multiple regression analysis and classic assumptions with SPSS 22 and Microsoft Excel analysis tools.

*Keywords:* *financial ratio (car, FDR, NPF, BOPO), to ROE.*

*GJMBR-C Classification:* *JEL Code: G21*



*Strictly as per the compliance and regulations of:*



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# The Effect of Financial Ratio (Car, FDR, NPF and BOPO) on the Profitability Level in PT Bank Muamalat Indonesia TBK

Fitratin Nimah [α] & Wahyudin Maguni [σ]

*Abstract-* Profitability Ratio is a ratio to measure the level of profit obtained by a company. One of the Islamic banks in Indonesia since 1992, namely Bank Muamalat Indonesia (BMI). Based on financial report data for 2014-2016, BMI experienced a decline in assets, causing the profitability of the bank to decline. Therefore, BMI issued new shares through HMTD (Pre-emptive Rights) to obtain fresh funds in order to meet the shortage of liquidity that had occurred to BMIs for the past 4 years. Liquidity deficiency occurs due to a decrease in the rate of return of financing that reaches 6% above the maximal stipulations set by Bank Indonesia and has an impact on decreasing BMI income or profits, known as profitability. So this study was conducted to determine what factors affect the level of profitability in BMI since the last 4 years with indicators of assessment, among others: CAR (Capital Adequate Ratio), FDR (Financing Deposit Ratio), NPF (Non Performing Financing), and BOPO (Cost Operations on Operating Income). This research is a descriptive quantitative study using BMI financial report data for 2014-2017 taken from the BMI website as a data source. Data analysis in this study is multiple regression analysis and classic assumptions with SPSS 22 and Microsoft Excel analysis tools. Based on the results of the analysis in this study, it was found that the indicators that influence BMI's profitability are Capital Adapty Ratio and Operational Cost to Operating Income with a significance value of 0.012 smaller than 0.05, H1 is accepted and CAR to ROE has a significant effect and a significance value of 0.005 smaller than 0.05 then H4 is accepted and BOPO of ROE has a significant effect.

*Keywords: financial ratio (car, FDR, NPF, BOPO), to ROE.*

## I. Preliminary

There are several financial ratios to measure the financial position of a[1] bank, the measurement is intended so that investors can easily make decisions to invest in the bank. According to J. Fred Weston[2], these financial ratios include Liquidity Ratios, Profitability Ratios, Solvability Ratios, Activity Ratios, Growth Ratios, and Assessment Ratios.[3] Bank Indonesia has issued a regulation regarding guidance in assessing the bank's health rating in Circular Letter No.6/10/PBI/2004 dated 12 April 2004 using CAMELS analysis (Capital, Assets, Management, Earning, Liquidity, Sensitivity to Market Risk).

This study uses several aspects that exist in the CAMEL analysis in calculating the level of Profitability of Islamic Banks with the intended aspects namely Capital including CAR, Assets including NPF, Management including BOPO, and Liquidity including FDR. Profitability ratio with several ratios in question is used to predict bank bankruptcy, to assess the soundness of the bank, and assess the performance of the bank in terms of the profits that have been obtained by the bank.

The main data that forms the basis of this research is financial statements. The parties with an interest in financial statements are investors, employees, lenders (creditors), the government, Bank Indonesia, the Financial Services Authority, and the community as customers who will invest in the bank. Financial statements are presented to fulfill different information. One of the important information is profit. This information is very important because it explains how the company performs for a period from the past period. The financial statements used in this study are financial statements from Bank Muamalat Indonesia. The bank was chosen because the bank was the first Islamic bank in Indonesia and became the only bank capable of surviving the economic crisis that hit Indonesia in 1998. Based on Bank Muamalat Indonesia's financial statements over the past 3 years, 2014-2016 shows a significant decrease in assets. Here's a graph of Total Assets from Bank Muamalat.[4]

*Author α σ: FEBI IAIN Kendari (South East Sulawesi, Country: Indonesia). e-mails: fitratinnm@gmail.com, wmaguni@yahoo.com*

[1] Alumni of the Faculty of Islamic Economics and Business (FEBI) IAIN Kendari

[2] Lecturer in the Faculty of Islamic Economics and Business (FEBI) IAIN Kendari (Supervisor 1 Thesis)

[3] Cashmere, Analysis of Financial Statements, (PT. Rajawali Pers, 2014) p.106

[4] w ww.bankmuamalat.co.id



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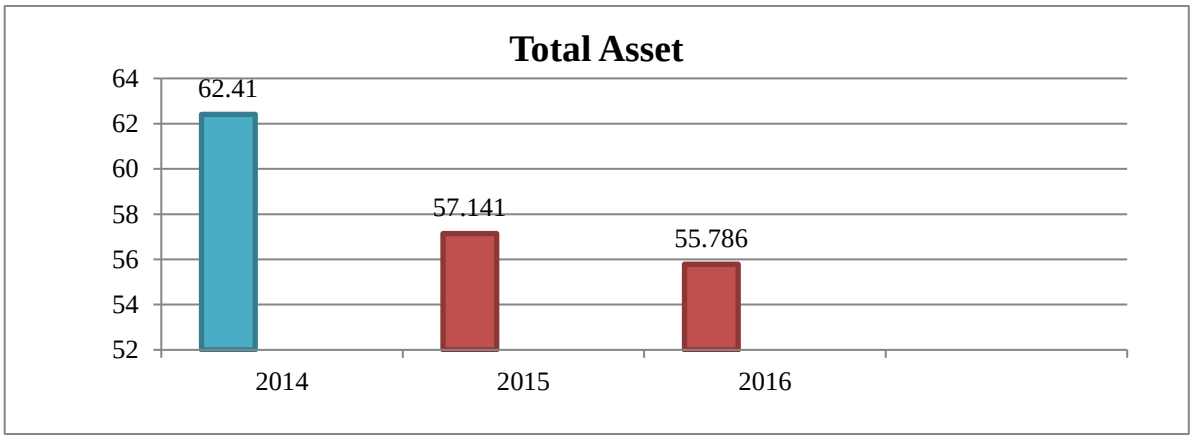
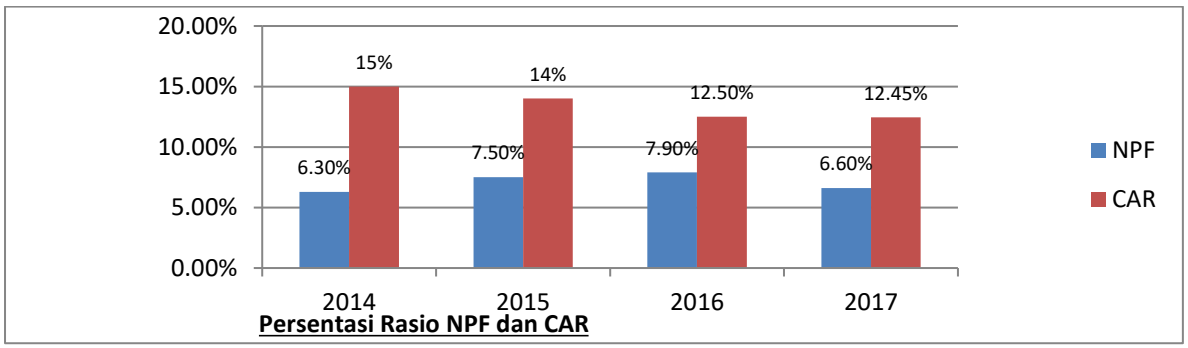



Source: Processed in the Field, 2018

Picture 1: Total Assets

The table shows that the total assets of Bank Muamalat decreased from the previous 3 years, namely knowing 2014 as much as 62.41 billion to 55.786 billion. The decline in these assets adversely affected the health of Bank Muamalat. The impact affects customers who no longer trust the bank, resulting in an increase in NPF or the amount of bad credit risk. 2017 was recorded in Bank Muamalat Indonesia's quarterly financial report that NPF (Net Performing Financing) increased to reach 4%. This value is close to the maximum NPF figure set by Bank Indonesia at 5% per year. When compared with NPF in the last 3 years, BMI has reached an average value of 8.01 per year.




Source: Processed in the Field, 2018

Picture 2: Percentage of ratio of NPF and CAR

Even though the value of CAR or the value of capital adequacy in BMI tends to be in a very healthy position, BMI is not able to manage finances to the full. So that it caused Bank Muamalat to experience a shortage of assets. Based on this, Bank Muamalat sells more than 50% of the assets he has to obtain additional capital. Bank Muamalat increased capital by issuing new shares through the Pre-emptive Rights (HMTD) scheme.

The asset was successfully owned by a brokerage company, Minna Padi, with 51% or 80 billion shares with a value of 4.5 billion which had previously been a standby buyer. Minna Padi officially acquired Bank Muamalat with the majority share.[5] Minna Padi or PT. Minna Padi Sekuritas Tbk. is a brokerage company that is listed on the Indonesia Stock Exchange which is engaged in securities trading, which is tasked as a customer intermediary in making securities purchases.[6] This company is an Indonesian company.

Based on the description above, it becomes the reference material in this study, why Bank Muamalat Indonesia, which is the first Islamic bank in Indonesia, can experience this. Therefore the researcher conducted a research on the level of profitability in the BMI proposed in the form of a research proposal entitled "The Effect of CAR (Current Asset ratio), FDR (Financing Deposit Ratio), NPF (Non Performing Financing), and BOPO (Operating Income Operating Costs) to the level of Profitability (Return On Equity) at PT. Bank Muamalat Indonesia Tbk ".

## II. Literature Review

Sri Windarti and Misbach Fuady in the research written in the EBBANK Journal entitled "Factors Affecting Profitabilias Sharia Commercial Banks in Indonesia"

[5] www.republika.co.id

[6] www.minnapadi.com



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explained that the factors that affect profitability in Indonesia are CAR, KAP (Quality of Earning Assets), BOPO, REO (Operational Efficiency Ratio), FDR, and GWM (Minimum Required Current Account). With the results of the CAR variable research has a significant positive effect on the Syariah Commercial Bank Profitability. Significance values of 0.00105 and t-Statistic 2.622824 indicate that an increase in capital is proven to be followed by an increase in the profitability of Islamic banks. KAP has a significant negative effect on profitability in Islamic Commercial Banks.

Wawan Prasetyo in his research on Analysis Affecting Banking Profitability stated that CAR did not affect bank profitability. In addition, the BOPO variable has an influence on bank profitability. The smaller the value of BOPO means the more efficient the operational costs incurred.

Nur Mawaddah with the research title "Factors Affecting the Profitability of Islamic Banks". The results of the study show that financing has a direct effect on profitability of 2.45%. Net Interest Margin (NIM) has a direct effect on Profitability of 6.45%. Non Performing Finance (NPF) has a direct effect on profitability of 4.32%. Financing has an indirect effect on Non Performing Finance (NPF) of 2.77%. Net Interest Margin (NIM) has an indirect effect on Non Performing Finance (NPF) of 2.77%.

Farrashita Aulia and Prasetiono in the management journal entitled "The Influence of CAR, FDR, and BOPO on Profitability (Empirical Study on Sharia Commercial Banks in Indonesia for the Period 2009-2013)". The results showed that CAR, FDR, NPF, and BOPO variables simultaneously had a significant influence on the ROE of Sharia Commercial Banks.

1. ROE (Return On Equity)

Profitability ratio is a ratio to assess a company's ability to seek profits. This is indicated by profits generated from sales and investment income. The point is that the use of this ratio shows the efficiency of the company[7]. The measure of profitability in the banking industry used in general is Return On Equity (ROE) and Return On Assets (ROA). ROA focuses on the company's ability to obtain earnings in its operations, while Return On Equity (ROE) only measures returns obtained from investment of company owners in the business.[8] The return on equity or profitability of capital alone shows the efficiency of the use of own capital. This means that the position of the company owner is getting stronger, and vice versa. Furthermore, the increase will cause an increase in bank stock prices. Mathematically ROE can be formulated as a bank account:

$$\text{ROE} = laba\ bersihtotal\ equity \text{ x } 100$$

2. CAR (Capital Adequacy Ratio)

CAR or Capital Ratio is an assessment of bank capital adequacy to cover current risks and anticipate future risks. The higher the CAR, the higher the ROE. In accordance with Bank Indonesia regulations No.6 /10/ PBI/2010 concerning the Rating System for Commercial Banks, the higher the CAR value indicates the healthier the bank. However, a CAR that is too high means that there are idle funds. Thus, the opportunity for banks to obtain profits will decrease; consequently it will reduce the profitability of the bank.

$$\text{CAR} = modal\ sendiriATMR\ X\ 100$$

3. FDR (Financing Deposit Ratio)

Financing to Deposit Ratio is the ability of banks to channel their funds to those who need capital.[9]9 FDR illustrates the comparison between the amount of loans or financing provided to customers and the amount of funds collected by Islamic banks. The greater the amount of funds channeled to customers in the form of credit, then the amount of unemployed funds decreases and the income earned will increase. This of course will increase FDR so that bank profitability also increases. According to Bank Indonesia Circular Number 13/27/ DPM Dated December 1, 2011, the FDR ratio formula is as follows:

$$\text{FDR} = Jumlah\ Pemby.yg\ disalurkantotal\ deposit\ X\ 100$$

4. PF (Non Performing Financing)

NPF is the rate of return on credit/financing provided by depositors to banks, in other words NPF/ NPL is the level of bad credit at the bank. If the NPF gets lower, then the bank will experience more profits. Conversely, if the NPF level is high, the bank will suffer losses due to the rate of return on bad financing. Bank Indonesia has set an NPF limit of 5%. If a bank's NPF can be reduced below 5%, the potential profit gained will be even greater because the bank can save money that is used to form reserves of non-performing loans or Earning Assets Allowance (PPAP). So it can be concluded that the greater the NPF ratio, the greater the risk borne by the company and later it will also negatively affect profitability.

$$\text{NPF} = Jumlah\ Pemby.\ bermasalahtotal\ pembiayaan\ X\ 100$$

5. BOPO (Operational Cost of Operational Income)

This ratio is a comparison between operating costs and operating income. The operational cost ratio is used to measure the level of efficiency and ability of banks in conducting operations.

[7] Cashmere, Analysis of Financial Statements. First Edition, Seventh Print. (Jakarta: PT Raja Grafindo Persada, 2014) p.196

[8] Dahlan, Management of Financial Institutions, Third Edition, (Jakarta: Faculty of Economics, Indonesia, 2001) p.86

[9] Cashmere, Analysis of Financial Statements, (PT. Rajawali Pers, 2008) p.151



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$$\text{BOPO} = \frac{biaya\ operasional\ pendapatan\ operasional}{X\ 100}$$

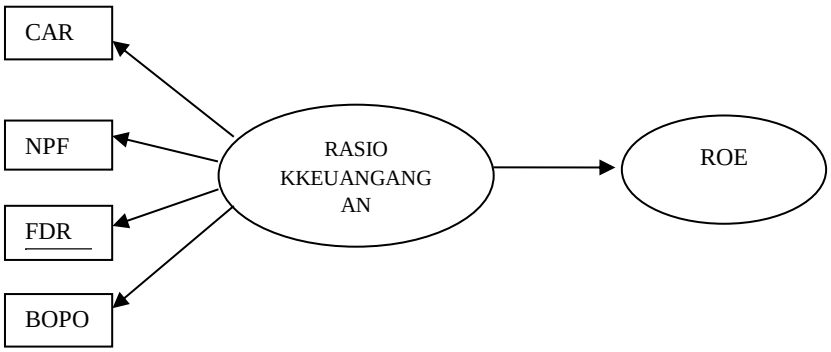
If the ratio increases, it reflects the lack of ability of banks to reduce operating costs and increase their operating income which can cause losses because banks are less efficient in managing their business.

## III. Methods, Data, and Analysis

This type of research is quantitative descriptive research that explains the relationship between dependent variables and independent variables. Quantitative Research is a process of finding knowledge that uses data in the form of numbers as an analytic tool.[10] The method in this study uses multiple regression analysis method, which is intended to test the effect Financial Ratio of CAR, NPF, FDR, and BOPO on the level of profitability of PT. Bank Muamalat Indonesia Tbk.

Data used is sourced from quarterly financial reports from 2014-2017 PT. Bank Muamalat Tbk obtained from the research object website and OJK (Financial Services Authority). This study uses 5 variables. 1 Dependent Variables namely ROE and 4 Independent Variables, namely CAR, FDR, NPF, BOPO.

*Desain Penelitian*




*Source: Processed in the Field, 2018*

*Picture 3:* Research design

The method of data analysis is done by using Multiple Analysis Regression performed on SPSS 21 and Microsoft Excel with formulations:

$$Y = b_0 + b_1X1 + b_2X2 + b_3X3 + b_4X4 + e$$

*Information:*

$X_1$ = CAR
$X_2$ = FDR
$X_3$ = NPF
$X_4$ = BOPO
Y = ROE
$b_0$ = Constant Numbers
$b_1, b_2..b_n$ = Koefesien Regresi
e = Faktor Kesalahan/Eror

Another analysis used is the classical assumption test (normality test, autocorrelation test, and multicollinearity test) on the research variable. In the event of a deviation from the classic assumption, the t test and F test to be conducted are invalid and can statistically confuse the conclusions obtained.

1. Normality Test

The normality test in the regression model is used to test whether the residual value is normally distributed or not. Using the Normal P-P chart Plot of regression standardized residual and statistical method Kolmogorov Smirnov If the value of Asymp. Sig 2-tailed> 0.05 then H0 is rejected and residual is spread normally. Conversely if Asymp. Sig 2-tailed <0.05, H0 is accepted and residual spread is not normal.

2. Autocorrelation Test

Autocorrelation occurs when the disturbance value in a certain period is related to the value of the previous disturbance. The simplest autocorrelation test is to use the Durbin-Watson (DW) test. The decision making in the Durbin Watson test is:

a. DW <1.1: There is autocorrelation
b. 1.1<DW <1.54: There are no clear conclusions
c. 1.55 <DW <2.46: There is no autocorrelation
d. 2.46<DW <2.9: There are no clear conclusions
e. DW> 2.91: There is autocorrelation

3. Multicollinearity Test

This test aims to test whether the regression model found a correlation between independent variables. The independent variable does not have a correlation. To detect the presence or absence of multicollinearity in a regression model can be seen from tolerance value or variance inflation factor (VIF). So the

[10] Kasiram, Moh. Research methodology. (Malang: UIN-Malang Pers, 2008) p. 149



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low tolerance value is the same as the high VIF value. The commonly used cutoff value is:

a. If the tolerance value is> 10% (0,1000) and VIF value is <10, then there is no multicollinearity between the independent variables in the regression model.

b. If the tolerance value is <10% (0,1000) and VIF value is> 10, then there is multicolonearity between the independent variables in the regression model.

4. Correlation Test

Correlation analysis (Bivariate Correlation) is used to determine the closeness of the relationship between two variables and to find out the direction of the relationship that occurs. A simple correlation coefficient shows how much the relationship occurs between two variables. With guidelines for degree of relationship:

a. Pearson Correlation Value 0.00 - 0.20 = no correlation.
b. Pearson Correlation Value 0.21 - 0.40 = weak correlation.
c. Pearson Correlation value 0.41 - 060 = moderate correlation.
d. Pearson Correlation Value 0.61 - 0.80 = strong correlation.
e. Pearson Correlation Value 0.81 - 1.00 = perfect correlation.

With values marked positive and negative indicating the direction of the relationship. A positive sign indicates the direction of a unidirectional relationship while for a negative sign indicates an opposite relationship.

5. Test the Hypothesis

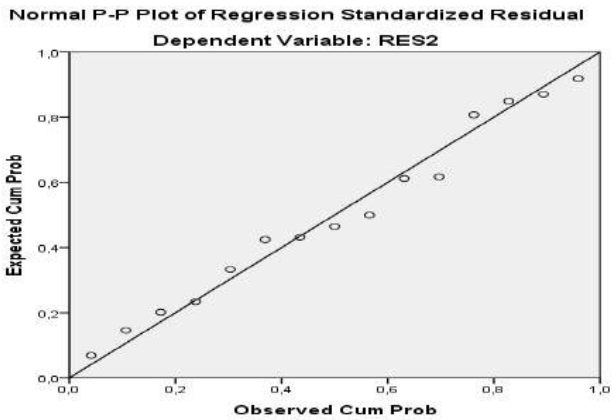
The t statistical test shows how far the influence of one independent variable individually in explaining the dependent variable. The results of the t test can be seen by comparing the p-value with α of 0.05 or comparing t-count and t-table, if p-value <0.05 or t-count> t-table, it can be concluded that H0 refused. Likewise vice versa if p-value> 0.05 or t-count <t-table then H0 is accepted.

The F statistic test is an overall regression coefficient test. If the probability (significance)> 0.05 (α) or F count <F table means that the hypothesis is not proven then H0 is accepted Ha is rejected if done simultaneously. If the probability (significance) <0.05 (α) or F count > F table means the hypothesis is proven then H0 is rejected and Ha is accepted if done simultaneously. The coefficient of determination is a test carried out to see how much influence the independent variable used can explain the dependent variable. That is by looking at the adjusted R squared, if the adjusted R squared is greater than the value 1 means that the independent variable chosen can explain the dependent variable.

## IV. Research Result

1. Normality Test

From the graph above, it can be seen that the points spread around the line and follow the diagonal line, it is concluded that the residual value is normal.




*Source: Processed in the Field, 2018*

*Figure 3:* Normal P-P Plot of Regression Standardized Residual Dependent Variable: RES2

However, this test is not accurate, so another normality test is tested, using the Kalmograv Smirnov statistical method. The results of the Kolmogorov-Smirnov normality test can be seen in the following table:



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*Table 1:* Kalmograv Smirnovrr Test Results

**One Sample Kolmogorov Smirnov Test**

| | | Unstandardized Residual |
|---|---|---|
| N | | 15 |
| Normal Parameters[a,b] | Mean | ,0000000 |
| | Std. Deviation | ,98256941 |
| Most Extreme Differences | Absolute | ,180 |
| | Positive | ,180 |
| | Negative | -,122 |
| Test Statistic | | ,180 |
| Asymp. Sig. (2 - tailed) | | ,200 [c,d] |

*a. Test distribution is Normal.*
*b. Calculated from data.*
*Source: Processed in the Field, 2018*

In the table above shows that the variables CAR, FDR, NPF, BOPO, and ROE indicate that the value of Asymp. Sig (2 tailed)> 0.200. Overall, the variables are normally distributed.

2. Autocorrelation Test

The Autocorrelation Test Results are as follows:

*Table 2:* Autocorrelation Test Results

| Model | R | R Square | Adjusted R Square | Durbin Watson |
|---|---|---|---|---|
| 1 | ,769[a] | ,592 | ,428 | 2,555 |

*a. Predictors: (Constant), BOPO, FDR, NPF, CAR*
*b. Dependent Variable: RES2*
*Source: Processed in the Field, 2018*

From the table above, we can see the results of the autokorelai test with the Durbin Watson value of 2.555. The DW value will be compared with the table value by using a 5% confidence level, with a sample of 15 out of 4 independent variables. Then from the Durbin Watson table (attached) there will be a dL value of 0.685 and a value of dU 1.977.

3. Multiconearity Test

*Table 3:* Multicollinearity Test Results

**Coefficients[a]**

| Model | | t | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|
| | | | | Tolerance | VIF |
| 1 | (Cons) | 3,468 | ,006 | | |
| | CAR | -3,057 | ,012 | ,216 | 4,625 |
| | FDR | -1,003 | ,340 | ,895 | 1,117 |
| | NPF | ,784 | ,451 | ,551 | 1,814 |
| | BOPO | -3,524 | ,005 | ,168 | 5,957 |

*a. Dependent Variable: ROE*
*Source: Processed in the Field, 2018*

Based on the table above it can be concluded that there is no multiclinearity because each variable has a tolerance value above 0.10 and a VIF value above 10 because it is in accordance with the provisions of the multicollinearity test.

4. Correlation Test

Following are the results of the Pearson Correlation test. Positive and negative signs indicate the direction of the relationship. A positive sign indicates the direction of a unidirectional relationship while for a negative sign indicates an opposite relationship.



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*Tables 4:* Correlations

**Tabel 7:**
**Hasil Uji *Peaerson Correlation***
**Correlations**

| | | CAR | FDR | NPF | BOPO | ROE |
|---|---|---|---|---|---|---|
| CAR | Pearson Correlation | 1 | -,173 | -,457 | -,862** | ,599* |
| | Sig. (2-tailed) | | ,537 | ,087 | ,000 | ,018 |
| | N | 15 | 15 | 15 | 15 | 15 |
| FDR | Pearson Correlation | -,173 | 1 | -,031 | ,012 | ,101 |
| | Sig. (2-tailed) | ,537 | | ,913 | ,967 | ,719 |
| | N | 15 | 15 | 15 | 15 | 15 |
| NPF | Pearson Correlation | -,457 | -,031 | 1 | ,642** | -,523* |
| | Sig. (2-tailed) | ,087 | ,913 | | ,010 | ,046 |
| | N | 15 | 15 | 15 | 15 | 15 |
| BOPO | Pearson Correlation | -,862** | ,012 | ,642** | 1 | -,688** |
| | Sig. (2-tailed) | ,000 | ,967 | ,010 | | ,005 |
| | N | 15 | 15 | 15 | 15 | 15 |
| ROE | Pearson Correlation | ,599* | ,101 | -,523* | -,688** | 1 |
| | Sig. (2-tailed) | ,018 | ,719 | ,046 | ,005 | |
| | N | 15 | 15 | 15 | 15 | 15 |

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

*Source: Processed in the Field, 2018*

Based on α = 0.05 (5%) can be explained the relationship between variables. ROE and CAR variables have a significant relationship with a significance value of 0.018 and the value of Pearson Correlation 0.599 means that the CAR variable on ROE has a significant relationship because 0.018 is smaller (<) than 0.05 and has a unidirectional correlation that is in the medium category because it is in the range 0 , 41 - 0.60.

The ROE and NPF variables have significant correlation with a significant value of 0.46 and the Pearson Correlation value of– 0.523 means that the ROE variable has a significant effect on the NPF variable because the significance value is smaller than 0.05 with the relationship not having a negative Pearson Correlation value and being in the medium category with a range of 0.41 - 0.60.

Based on α = 0.01 (1%) describes several variables that have relationships. These variables include BOPO to CAR, BOPO to NPF, and ROE to BOPO. BOPO variable on CAR has a significant relationship below 0.05 but does not have a direct relationship and the Pearson Correlation value is -0.862. This means that the BOPO variable on CAR has a significant relationship because it is below 0.05.

NPF and BOPO variables have a significant relationship with a significant value of 0.10 and the Pearson Correlation value is 0.642. This means that the variables of the two variables have a significant effect because they have a significant value of 0.10 with a unidirectional relationship because Pearson Correlation is positive and is in the strong correlation category. The ROE and BOPO variables have a significant relationship with a significant value of 0.005 and the Pearson Correlation value of -0.688 means that the ROE variable has a significant effect on the BOPO variable because the significant value is below 0.05 with a unidirectional relationship because it has a negative Pearson correlation and is in the correlation category strong with a range of 0.61 - 0.80.

5. Multiple Linear Regression Analysis

This analysis is to determine the direction of the relationship between the independent variable and the dependent variable whether each independent variable is positively or negatively related and to predict the value of the dependent variable if the value of the independent variable increases or decreases. The following are the results of multiple regression tests:

*Table 5:* Multiple Regression Test Results

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standr. Coef. | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 16,009 | 4,616 | | 3,468 | ,006 |
| | CAR | -,335 | ,110 | -1,328 | -3,057 | ,012 |
| | FDR | -,019 | ,019 | -,214 | -1,003 | ,340 |
| | NPF | ,039 | ,050 | ,213 | ,784 | ,451 |
| | BOPO | -,100 | ,028 | -1,738 | -3,524 | ,005 |

a. *Dependent Variable: ROE*
*Source: Processed in the Field, 2018*



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From the table above the regression equation can be arranged as follows:

$$ROE = 16{,}009 + (-0{,}335)\ CAR + (-0{,}019)\ FDR + 0{,}039NPF + (-0{,}100)\ BOPO + e$$

a) The above multiple regression equations can be explained as follows: Constant value of 16.009 means if the value of CAR (X1), FDR (X2), NPF (X3), and BOPO (X) is zero (0), then the ROE (Y) ratio is 16.009% or 16.01%.
b) CAR variable regression coefficient that is -0.335 means that if the value of other independent variables is fixed and CAR has a 1% increase, the ROE ratio has decreased by 0.335%. The coefficient is negative, meaning there is a negative relationship between CAR and ROE, the higher the CAR ratio the ROE ratio tends to decrease.
c) FDR variable regression coefficient which is -0.019 means that if the value of the other independent variables is fixed and FDR has a 1% increase, the ROE ratio has decreased by 0.019%. The coefficient is negative, meaning that there is a negative relationship between FDR and ROE, the higher the FDR, the ROE ratio tends to decrease.
d) NPF variable regression coefficient which is 0.039 means that if the value of the other independent variables is fixed and NPF has increased by 1%, the ROE ratio has decreased by 0.039%. The coefficient is positive, meaning that there is a positive relationship between NPF and ROE, the higher the NPF, the ROE ratio decreases.
e) BOPO variable regression coefficient which is -0.1 means that if the value of other independent variables is fixed and NPF has increased by 1%, the ROE ratio has decreased by 0.1%. The coefficient is negative, meaning that there is a negative relationship between BOPO and ROE, the higher the BOPO, the ROE ratio decreases.

6. Test the Hypothesis

a. Partial Test (statistics t)

This test shows how far the influence of the independent variables partially/individually in explaining the dependent variables. Following is the partial test table:

*Table 6:* Hasil Uji Parsial Variable CAR, FRD, NPF, BOPO tarhadap ROE

**Coefficients[a]**

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| 1 (Constant) | 16,009 | 4,616 | | 3,468 | ,006 |
| CAR | -,335 | ,110 | -1,328 | -3,057 | ,012 |
| FDR | -,019 | ,019 | -,214 | -1,003 | ,340 |
| NPF | ,039 | ,050 | ,213 | ,784 | ,451 |
| BOPO | -,100 | ,028 | -1,738 | -3,524 | ,005 |

*a. Dependent Variable: ROE*
*Source: Processed in the Field, 2018*

Based on the table above, it can be explained that the testing of the first hypothesis is H1 = CAR has a significant effect on ROE with a regression coefficient of -0.335. The estimation result of CAR variable is t table = -3,057 and the probability value or t count is 0,012. Significance value of 0.012 is smaller than 0.05, H1 is accepted and CAR to ROE has a significant effect.

The second hypothesis is H2 = FDR which has a significant effect on ROE with a regression coefficient of -0.019. The estimated FDR variable is t = -1.003 and the probability value is 0.340. Significance value of 0.340 is greater than 0.05, H2 is rejected and FDR to ROE has no significant effect.

The third hypothesis is that H3 = NPF has a significant effect on ROE with a regression coefficient of 0.39. The estimation result of NPF variable is t = 0.784 and probability value is 0.451. Significant value of 0.451 is greater than 0.05, H3 is rejected and NPF to ROE has no significant effect.

The third hypothesis is that H4 = BOPO has a significant effect on ROE with a regression coefficient of -0,100. The estimated BOPO variable is t = -3,524 and the probability value is 0,005. Significance value of 0.005 is smaller than 0.05 so H4 is accepted and BOPO of ROE has a significant effect.

b. Simultaneous Test (F statistic)

Is testing the overall regression coefficient. This test shows whether all the independent variables included in the model have a joint effect on the dependent variable. Following are the results of the simultaneous test:



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*Table 7:* Simultaneous Test Results

| Model | Sum of Squares | Mean Square | F | Sig. |
|---|---|---|---|---|
| Regression | 1,447 | ,362 | 3,624 | ,045[b] |
| Residual | ,999 | ,100 | | |
| Total | 2,446 | | | |

*Source: Processed in the Field, 2018*

Mean of square shows the average variance calculated. For the average per variable seen in the mean of square regression with a value of 0.362 and for the average Y data variables seen in the mean of square residuals is 0.100. F table value is 3,624 and F count value is 0,45. Based on the results of testing the simultaneous test in table 10, it can be concluded that the significant value is 0.045. The significance level is smaller than 0.05 or the F table value is greater than the calculated F value which means CAR, FDR, NPF, BOPO have a significant effect H0 is rejected and Ha is accepted because the variable CAR, FDR, NPF, and BOPO has an effect against ROE.

c. Coefficient of determination

The magnitude of the coefficient of determination ranges from 0.00 to 1.00.

*Table 8:* Determination Coefficient Test Results

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | ,769[a] | ,592 | ,428 | ,31601 |

*a. Predictors: (Constant), BOPO, FDR, NPF, CAR*
*b. Dependent Variable: RES2*
*Source: Processed in the Field, 2018*

It can be seen that the Adjusted R Square value is 0.428 or 42.8%, which means that CAR, FDR, NPF, and BOPO influence ROE of 42.8%. The remaining 57.2% is explained by other variables. The error standard of estimate (SEE) is 0.31601, the smaller the SEE value or close to 0 (zero), the regression model used is more accurate in predicting the dependent variable. ANALYSIS OF FINANCIAL STATEMENTS PT. MUAMALAT INDONESIA BANK The recording of financial statements of a bank that has been published to the general public and has been audited by OJK (Financial Services Authority) is divided into several reports other than the annual financial report or Annual Report, these reports include monthly reports, quarterly reports, GCG reports (Good Corporate Governance), and risk exposure reports. In this study explained the financial condition of PT. Bank Muamalat Indonesia using annual analysis and quarterly analysis.

1. Yearly Analysis

Financial reports that have been processed to look for financial ratios per year produce financial ratios that reflect the financial conditions of PT. Bank Muamalat Indonesia Tbk. The following are the results of the calculation of financial ratios that have been averaged based on the first quarter to fourth quarter 2014-2017 reports.

*Table 9:* Average Financial Ratios for 2014 – 2017

| RASIO | TAHUN | | | |
|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 |
| CAR | 15,057% | 14,065% | 12,582% | 12,45% |
| FDR | 89,63% | 92,955% | 96,842% | 89,313% |
| NPF | 6,387% | 7,505% | 7,913% | 6,653% |
| BOPO | 85,07% | 89,625% | 95,087% | 92,273 |
| ROE | 2,572% | 2,26% | 0,85% | 0,063% |

*Source: Processed in the Field, 2018*



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In 2014 the financial condition of PT. Bank Muamalat Indonesia Tbk is very good. The capital adequacy value that can be collected is 15,057% of the total RWA 164 billion including the very healthy category. This means that CAR in 2014 BMI was able to manage its capital very well. However, the FDR and NPF ratios are at the values of 89.63% and 6.587%. The FDR and NPF values indicate the condition of the rate of return in the sufficient category. BOPO is 85.07% and ROE is 2.572%. The BOPO value means that BMI is difficult to reduce operating costs and make income decline.

In 2015 the CAR value of 14.065% decreased due to the decreasing amount of capital so that to overcome the risk of being less good. The FDR and NPF values which increased quite rapidly were 92.955% and 7.505% indicating a low rate of return on financing which triggered a loss at the bank. BOPO value in 2015 amounted to 89.625%, which means experiencing an increase in the number of operational costs that existed in BMI and ROE in 2015 reaching 2.26%, still remaining in the unhealthy category.

In 2016 the CAR value declined again with a value of 12.282% but still in the healthy category. The increase in the value of the ratio actually lies in FDR, NPF, and BOPO, namely 96.842%, 7.913%, and 95.087%. This shows a very low reduction in financing returns, giving rise to the number of problematic financing increasing and income from operational costs decreasing. 2016 was only able to achieve investor returns of 0.85%.

2017 to the third quarter became the peak of the financial decline of PT. Bank Muamalat Indonesia. The CAR value reaches 12.45%, FDR is 89.313%, NPF is 6.653%, BOPO is 92.273%, and ROE is 0.063%. All of these ratios are in the unhealthy category, and have an impact on the number of assets declining due to the increasing number of problematic financing followed by the increasing number of operational costs.

## V. Conclusion

Based on the results of data analysis and discussion that has been explained in the previous chapter, the conclusions from the research are:

1. H1 = CAR has a significant effect on ROE received. Based on the results of the t test the significance value of 0.012 is smaller than $\alpha = 0.05$. With the results of multiple linear regressions test the regression coefficient value -0.335 which means that if the CAR has a 1% increase and other variables are constant, the ROE ratio will decrease by 0.335%. Coefficients that have a negative value means that there is a relationship that is not in the same direction. And the results of the classic assumption test state that the CAR variable has a significant effect on ROE with a significant value below 0.05, which is 0.018.
2. H2 = FDR has a significant effect on ROE rejected. Based on the results of the t test the significance value of 0.340 is greater than 0.05. With the results of multiple regression tests the regression coefficient value is -0.019, which means that if the value of the other independent variables is fixed and FDR has a 1% increase, the ROE ratio has decreased by 0.019%. Coefficients that have a negative value mean that there is a relationship that is not in the same direction. And the results of the classic assumption test on the Pearson Correlation Test state that FDR against ROE does not have a significant relationship because it has a significant value of 0.719> of a significant standard $\alpha = 0.05$.
3. H3 = NPF has a significant effect on ROE rejected. Based on the results of the t test the significance value of 0.784 is greater than 0.05. With the results of multiple regression tests the regression coefficient value is 0.039, which means that if the value of the other independent variables remains and the NPF increases by 1%, the ROE ratio increases by 0.039%. Coefficients that have a positive value means that the relationship is in the same direction. However, the results of the classic assumption test on the Pearson Correlation Test state that NPF to ROE has a significant relationship because it has a significant value of 0.046 smaller than the significant standard $\alpha = 0.05$.
4. H4= BOPO has a significant effect on ROE received. Based on the results of the t test the significance value of 0.005 is smaller than 0.05. With the results of multiple regression test the regression coefficient value -0,100 which means that if the value of other independent variables is fixed and BOPO has increased by 1%, the ROE ratio has decreased by 0.0397%. Coefficients that have a negative value means that there is a relationship that is not in the same direction. And the results of the classic assumption test on the Pearson Correlation Test state that FDR against ROE has a significant relationship because it has a significant value of 0.005 with a smaller than significant standard $\alpha = 0.01$.
5. Based on the results of testing the simultaneous test of significant value of 0.045 smaller than 0.05 or F count greater than F table, the variables CAR, FDR, NPF, and BOPO affect simultaneously the ROE value.
6. The results of financial statement analysis since the first quarter of 2014 up to the third quarter of 2017, explain that condition.

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