

THE EFFECT OF NON PERFORMING LOAN RATIO, BOPO RATIO AND LOAN TO DEPOSIT RATIO ON RETURN ON ASSETS PT. BANK PERMATA, Tbk PERIOD 2011-2018

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Abstract

This study aims to determine the effect of Non Performing Loans (NPL), Operating Costs and Operating Income (BOPO) and Loan to Deposit Ratio (LDR) on Return On Assets.

This research method is descriptive quantitative. The subject of this research is PT. Bank Permata, Tbk, with a sample selected using a purposive sampling method, namely parties who can provide information about the desired data. The sample of this research consisted of the financial section for secondary data in the form of financial statements 2011-2018. Data analysis techniques used statistical analysis, including descriptive statistical analysis, classical assumption test (normality test, heteroscedasticity, autocorrelation, multicollinearity) multiple linear regression analysis, partial test (t test), simultaneous test (F test), correlation coefficient test and coefficient test. determination with a significance level of 5%.

The results of this study indicate that partially it shows that Non-Performing Loans (NPL) have a significant effect on Return On Assets, the BOPO Ratio has a significant effect on Return on Assets, the Loan to Deposit Ratio (LDR) has a significant effect on Return On Assets, and the results of this study indicate that simultaneously shows that Non Performing Loans (NPL), BOPO Ratio, and Loan to Deposit Ratio (LDR) have an effect on Return On Assets (ROA).

Keywords: *Non Performing Loans, Operational Costs Operating Income, and Loan to Deposit Ratio, ROA*

I. INTRODUCTION

Banking is a financial institution that has a very important role in encouraging the economic growth of a country, the important role of banks in supporting the country's economy is one of the reasons why bank financial performance is constantly analyzed to determine the level of health. The health or financial condition of the bank is in the interest of all related parties, including the owner, bank management management, the community using bank services, Bank Indonesia as the bank supervisory authority, and other parties. Such bank conditions can be used by these parties to evaluate the bank's performance in applying prudential principles, compliance with applicable regulations and risk management.

The financial or banking sector is also very sensitive and affected by government policies and the macro and micro economic conditions of a country. There are two factors that can influence the bank's performance, both from internal factors and from the external bank itself. Internal factors include bank operations and risk management, external factors, monetary policy, exchange rate fluctuations and inflation and interest rates as well as competition between banks and non-bank financial institutions. So if economic conditions are increasingly under control, it can increase public and investor confidence in banking, which in turn can spur overall economic growth. Therefore, continuous monitoring of macro indicators can provide preliminary information on problems with the banking system so that it can accurately anticipate negative impacts and take advantage of positive impacts that arise with the aim of supporting overall banking performance.

As an institution that is very important in supporting the economy of a country, it is necessary to have supervision in good performance by banking regulators. One indicator to assess the financial performance of a bank is to see the level of profitability. The aim is to determine the extent to which the bank runs its business efficiently and effectively. Efficiency is measured by comparing the profit earned with the assets or capital that generate profits. Profitability is the most appropriate indicator to measure the performance of a bank, profitability in this paper is to know the rate of return on assets (ROA). Return on assets (ROA) is the ratio used to measure profit after tax to determine the ability of all existing assets and to generate profits.

The factors that influence bank profitability are the characteristics of the bank, meaning how the bank runs its operations, the type of bank running its operations and the type of bank will have an impact on its profitability. In bank business activities that drive the economy, a high return on asset (ROA) ratio indicates that the bank has extended credit and earned high income. The calculation of return on assets (ROA) is the ratio between profit after tax to total assets.

Research in the field of financial ratios has been carried out in many countries, including Indonesia. However, many studies use different variables and use different research sectors so as to produce different conclusions. For example, Ambaroita's research (2017) examines and analyzes how the influence of CAR, TPF, NPL, on LDR in the short and long term commercial banks in Indonesia. Results in the long term CAR does not affect the LDR, in the short term CAR has a positive effect on the LDR of commercial banks in Indonesia, in the long run TPF has a positive effect on LDR and in the short term TPF has no effect on the LDR of commercial banks in Indonesia, in the long run NPL has an effect negative effect on LDR and in the short term NPL has a positive effect on LDR. Attempt to the maximum extent possible for TPF advice. Various innovations continue to emerge and various strategies emerge so that DPK is effective and so that in the short and long term it can be maximized so that there are no obstacles.

The factors of banking companies that influence non-performing loans come from internal factors related to the implementation of policies and regulations within the scope of the bank itself, such as expansionary credit policies and weak administrative and credit supervision systems, while these external factors are related to the decline in economic activity. and high credit interest rates, utilization

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of an unfair banking competition climate by debtors, debtors' business failure, and calamities such as disasters.

One of the factors affecting the rate of return on assets (ROA) of a bank company is the loan to deposit ratio (LDR). The important objective of calculating the loan to deposit ratio (LDR) is to determine and assess to what extent a bank is in a healthy condition in carrying out its operations or business activities. In other words, the loan to deposit ratio (LDR) is used as an indicator to determine the level of a bank's condition. The higher the risk, the lower the bank's liquidity capacity. This explains that the condition of the banking system at that time had a good return on assets (ROA), the quality of non-performing loan (NPL) productive assets was well maintained, the level of efficiency of operating costs operating income (BOPO) was good, the distribution of funds was credit is not yet effective, so the loan to deposit ratio (LDR) has no significant effect on return on assets (ROA).

Apart from the aspect of credit, profitability and loan to deposit ratio (LDR), a bank that can be said to be efficient is a bank that is able to reduce operating costs and increase operating income to obtain high profits and avoid problematic bank conditions. The ratio of operating expenses to operating income (BOPO) is often called the efficiency risk which is used to measure the ability of bank management to control operating costs of operating income (BOPO). The greater the operational costs, the lower the profitability of the bank. If a bank runs its operations in an efficient manner, namely reducing the ratio of operating costs and being able to increase the amount of operating income, the income that the bank earns will certainly increase and will also be offset by increased profitability.

This is because the profits earned are used to cover losses arising from large bank operational costs. Where the profit is the basis for calculating the return on asset ratio (ROA). In reality, not all theories are compatible with the available empirical evidence. As is happening today is a very well known banking company, namely PT. Bank Permata, Tbk which is experiencing a decline in profit in 2016. Based on the audited annual consolidated financial statements, the company PT. Bank Permata, Tbk submitted to the Indonesia Stock Exchange and is presented in table 1 as follows:

Table 1. Annual Financial Ratio Report PT. Bank Permata Tbk

Years	<i>Non Performing Loan Gross</i>	BOPO	<i>Loan To Deposit Ratio</i>	<i>Return On Asset</i>
2011	2,0%	85,4%	83,1%	1,66%
2012	1,37%	84,51%	89,52%	1,7%
2013	1,02%	84,99%	89,24%	1,55%
2014	1,7%	89,8%	89,13%	1,2%
2015	2,7%	98,9%	87,8%	0,2%
2016	8,8%	150,8%	80,5%	(4,9%)
2017	4,6%	94,8%	87,5%	0,6%
2018	4,4%	93,4%	90,1%	0,8%

Source : Financial Statements PT. Bank Pemata Tbk 2011-2018

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Based on table 1 above, the financial profitability ratio calculated from the return on assets (ROA) ratio from 2011 to 2018 shows the average return on assets (ROA) that experiences fluctuation or instability. When viewed from the calculation in 2011 amounted to 1.66% then experienced a quite low increase to 1.7% in 2012 and in 2013 experienced a decrease which was lower by 1.55% as well as in 2014 of 1.2%. lower in 2015 by 0.2% and 2016 to minus (4.9), which means that PT Bank Permata has experienced a very drastic decline but is different from 2017 which experienced an increase of up to 0.6% then experienced a fairly low increase to 0.8% in 2018 means that PT. Bank Permata has experienced a fairly low increase from the last five years, but in 2012, Permata Bank received a fairly good return on assets (ROA), namely 1.7 %.

The financial ratio loan to deposit ratio (LDR) in 2011 the average value of the loan to deposit ratio (LDR) of 83.1% occurred again in ineffective lending but in 2012 the average value of the loan to deposit ratio (LDR) experienced an increase again of 89.52% and again decreased in 2013 and 2014, namely by 89.24% and 89.13%. This decrease is quite safe because it is still within tolerance limits. However, in the following year in 2015 it continued to experience a very bad decline, namely 87.8%. Furthermore, in 2016 the value of the loan to deposit ratio (LDR) experienced a very significant decrease, namely 7.30% to 80.5%. In 2017 and 2018 the average value of the loan to deposit ratio (LDR) increased, namely in 2017 the average value of the loan to deposit ratio (LDR) was 87.5% and in 2018 the average value of the loan to deposit ratio (LDR) of 90.1% is quite safe because it is still within the tolerance limit. From the results of the average loan to deposit ratio (LDR) from year to year, namely 2014 to 2018, the average value of the loan to deposit ratio (LDR) experienced instability and even decreased and the highest average value was one-fifth of the year, namely in 2016 amounting to 80.5%.

The financial ratio of operating costs has an average value in 2011 of 85.4%, then in 2012 it decreased to 84.51% then in 2013 it decreased again but not too significantly, namely 84.99%, then in 2012 2014 and 2015 increased to 89.8% and 98.9% in 2015, the highest average value of operating costs to operating income (BOPO) in the last ten years, namely in 2016, namely 150.8%. , the average operating income (BOPO) decreased with an average value of 94.8%. Meanwhile, in 2018, the average operating expense (BOPO) decreased by 93.4%. The average value of operating costs from year to year experiences instability or fluctuation.

The financial ratio of non-performing loans gross (NPL) had an average value in 2011 of 2.0% then fell again in 2012 by 1.37% and still decreased in 2013 to be 1.02%. Furthermore, in 2014 it rose back to 1.7% and then in 2015 it experienced a quite good increase of 2.7% but in 2016 there was a quite large increase of 8.8% with an average value of this size would have an impact on profitability return on assets (ROA) is obtained because it is seen that the return on assets (ROA) from 2012 to 2018 has decreased due to substandard and doubtful credit. In 2016, the non-performing loan gross (NPL) experienced a quite good increase of 8.8%. 2017 experienced a quite drastic decrease to 4.6% and still experienced a decline in 2018 to 4.4% and worsened in 2018 which exceeded the tolerance limit given of 5% to the average value of gross non-performing loans (NPL) of 4.4% which means that many loans are substandard and doubtful and can even be categorized as bad, this impact is seen in line with the profitability of return on assets (ROA) which

decreased in 2016 and in 2017 the profitability of return on assets (ROA) had increased. which is quite significant. With the increase in non-performing loans (NPL) and operational costs and the low amount of loan to deposit ratio (LDR), it will greatly impact the profitability obtained by the bank by measuring the return on assets (ROA), which will decrease the income earned by Permata Bank.

II. LITERATURE REVIEW

2.1 Review Research

Sudiyanto (2010) conducted research on the Analysis of the Effect of Third Party Funds, BO, CAR, and LDR on Financial Performance in the Banking Sector, the method used is the multiple linear regression method, the results of this study show that not all variables are used in the study. this has a significant effect on financial performance. The effect of the TPF variable has a positive and significant effect on bank financial performance (ROA), BO has a negative and significant effect on bank financial performance (ROA), CAR has a positive and significant effect on bank financial performance (ROA), and LDR has a positive but insignificant effect on financial performance. bank against (ROA).

Defri (2012) conducted research on the Effect of Capital Adequacy Ratio (CAR), Liquidity and Operational Efficiency on the Profitability of Banking Companies Listed on the IDX, this study uses multiple linear regression analysis method, and the sample used is banking companies listed on the IDX for the period 2008. -2010. The results showed that CAR has a positive and insignificant effect on ROA in banking companies listed on the IDX, LDR has a positive and insignificant effect on ROA in banking companies listed on the IDX, and BO has a negative and significant effect on ROA in banking companies listed on the IDX. IDX.

Wardani (2013) conducted research on the effect of efficient ratios, risk ratios, liquidity ratios, this study used multiple linear regression analysis methods, and the sample used was commercial bank companies in Indonesia, namely BCA, BRI, CIMB Niaga for the period 2011-2012. The results of the study show that BO has a negative effect on ROA, so that the higher the BO, the smaller or the decline in bank financial performance, NPL has a negative effect on ROA. This shows that the greater the NPL, the lower the bank's financial performance, the LDR has a positive effect on the bank's financial performance (ROA). This means that the greater the LDR will be able to improve the bank's financial performance, CAR has a positive effect on performance, meaning that the greater the CAR, the greater the bank's ability to generate bank profits (profitability).

Pramono (2017) conducted research on the effect of CAR, NPL, BO, NIM, and LDR on ROA. The method used is multiple linear regression analysis method. The analysis result obtained from this research is that CAR has a positive and insignificant effect on ROA. NPL has a significant positive effect on ROA. BO has a significant positive effect on ROA. NIM has a positive and insignificant effect on ROA, LDR has a positive and insignificant effect on ROA. The results of the study partially CAR and NIM did not significantly influence ROA. Simultaneously, the five variables have an effect on ROA.

Yuliani (2007) conducted research on the Relationship between Operational Efficiency and Profitability Performance in the Banking Sector that Go Public on the Jakarta Stock Exchange. The method used in this study uses multiple regression models. The result of this study is that it does not have a significant effect because the sig T is greater than 0.05, although the regression coefficient has a positive result. Simultaneously, by testing the F variables MSDN, BO, CAR, LDR together have an effect on ROA.

Putro (2014) conducted research on the effect of non-performing loans (NPL), loan to deposit ratio (LDR), operating costs / operating income (BO) on return on equity (ROE) and earnings per share (EPS) (a case study on Bank Indonesia which is listed on the IDX in 2014). This research uses a quantitative approach method that requires a lot of research approaches using numbers, starting from data collection, interpretation of this data and the appearance of the results. The number of samples in this study were 10 samples taken with judgmental sampling which had the following criteria: banks listed on the Indonesia Stock Exchange in 2014. The results showed that the Loan to Deposit Ratio (LDR) variable had the greatest influence on Return on Equity (ROE). , Operational Costs on Income (BO) while variables have the greatest influence on Earning per Share (EPS). The suggestion that can be conveyed by researchers is that companies must maintain and stabilize the Loan to Deposit Ratio (LDR) in an ideal position and reduce operating costs (BOPO) and pay more attention to loan quality to minimize the occurrence of Non-Performing Loans (NPL) which can increase Return on Equity (ROE) and Earning per Share (EPS).

Anggraeni (2016) conducted research on the effect of Business Risk on the Capital Adequacy Ratio (CAR) on the National Private Bank Foreign Exchange go Public. The method used in this research is multiple linear regression analysis techniques. The results showed that the LDR, IPR, NPL, APB, IRR, PDN, FBIR and BO simultaneously had a significant effect on the Capital Adequacy Ratio (CAR) in the Go Public National Private Bank. The BO ratio partially has a significant negative effect on the Capital Adequacy Ratio (CAR). Meanwhile LDR, IPR, NPL, IRR and FBIR have a positive but insignificant effect on the CAR ratio in foreign currency. National Private Commercial Go Public Bank. On the other hand, APB and PDN have a negative but insignificant effect on the CAR ratio at the National Private National Bank for Foreign Exchange.

Riadi (2018) conducted research on the effect of third party funds, Non Performing Loans, Capital Adequacy Ratio, Loan to Deposit Ratio, Return On Assets, Net Interest Margin and Operating Expenses Operating Income on Lending (Study in Regional Development Banks in Indonesia) in this study. using multiple linear regression analysis method. The results showed that partially, Third Party Funds (TPF), Loan to Deposit Ratio (LDR), Capital Adequacy Ratio (CAR) and Return on Assets (ROA) had a positive and significant effect on lending. Operational Cost Variable Operating Income has a significant negative effect on the loan portfolio, while the Non Performing Loan (NPL) variable has no effect on credit extension. The independent variable that most dominantly influences the provision of regional development bank loans in Indonesia is Third Party Funds (DPK).

2.2 Definition of Banking

RI Law No. 21 of 2008) concerning banking, what is meant by bank is a business entity that collects funds from the public in the form of savings and distributes them back to the public in the form of credit or other forms in order to improve the standard of living of the people at large. Bank is a company engaged in finance, meaning that banking business is always related to financial problems. As the financial sector, banking includes three main activities, namely raising funds, channeling funds, and providing other bank services. The activity of collecting and distributing funds is the main activity of banking, while the activity of providing other bank services is only a support for the two activities above. The definition of collecting funds means collecting or seeking funds (money) by buying from the wider community in the form of deposits, current accounts, savings and deposits (Kasmir, 2012).

The purchase of funds from the public is carried out by the bank by installing various strategies for people who want to invest their funds. The bank's strategy in raising funds is to provide attractive and profitable remuneration. The remuneration can be in the form of interest for banks based on conventional principles (Kasmir, 2012). Therefore, banks need to have good performance because with good cooperation the bank will be able to easily gain the trust of its customers.

2.2.1 Types of Banking

In terms of function based on (RI Law No.10 of 1998), the types of banking consist of Commercial Banks and Rural Banks (BPRs). According to Kasmir (2016) in terms of ownership, it is divided into: Government-Owned Banks, National Private-Owned Banks, Foreign-Owned Banks and Mixed-Owned Banks. According to Kasmir (2016), banks in terms of status consist of Foreign Exchange Banks and Non-Foreign Exchange Banks. According to Kasmir (2016), banks in terms of how to determine prices consist of banks based on conventional principles and banks based on sharia principles.

2.2.2 Commercial Bank Activities

According to Kasmir (2016), commercial bank activities are: (1). Raising Funds from the Community (Funding), Channeling Funds to the Community (Lending), Providing Other Bank Services (Services).

2.2.3 Bank functions

In the Basic Banking Law No.14 of 1967 Article 3, banking has several functions including the following:

1. According to the function consists of the following: (a). Central Bank is Bank Indonesia as referred to in the 1945 constitution and which will further be regulated by a separate law. (b). Commercial Bank is a bank which in collecting its funds mainly accepts deposits in the form of demand deposits and time deposits and in its business mainly provides short-term credit. (c). Savings Bank is a bank that in collecting its funds mainly accepts deposits in the form of savings and in its business, especially increases its funds in valuable paper. (d). Development Bank is a bank that in collecting funds primarily accepts

deposits in the form of deposits and / or issues medium and long-term securities and in its business primarily provides medium and long-term credit in the development sector.

2. If a development bank accepts demand deposits, then use them according to the guidance of the Indonesian bank.
3. By law, other types of banks may be stipulated according to economic development.

2.2.4 Source of Bank Funds

According to Syamsu Iskandar (2010), the source of bank funds comes from internal and external funds in accordance with the business sector that the bank operates as a financial institution and its activities are collecting funds and then channeling these funds to those in need. Sources of bank funds can be classified as follows: Own Capital, Funds from Loans, Issuance of securities and Funds from Depositors.

2.2.5 Allocation of Bank Funds

Allocation of bank funds: Earning assets, the use of funds in productive assets or earning assets have the objective of generating income for the bank, and unproductive assets are called unproductive assets because they cannot provide income for the bank.

2.2.6 Role of Commercial Banks

The roles of commercial banks are as follows: Providing various banking services in terms of operations, As the heart of the economy from an economic point of view, and Implementing commercial bank monetary policy also plays a role in streamlining government policy in the economic sector by controlling the amount of money in circulation by complying with mandatory reserves .

2.2.7 Banking Company Financial Performance

According to Abdullah (2004) in the journal (Dietha Kusuma Wardhani, 2013), bank financial performance is a description of the financial condition of a bank in a certain period, both regarding the aspects of raising funds and channeling funds which are usually measured by indicators of capital adequacy, liquidity and bank profitability. Increasingly tighter competition often causes banks to act less prudently so that they often violate the rules that have been set, which in turn is detrimental to depositors and investors, because of the bank's bad credit. Meanwhile, according to Almilia and Herdiningtyas (2005) it was concluded that there were several causes for the decline in bank performance, namely the increasing number of non-performing loans in the banking sector, the impact of the liquidation of banks on November 1, 1997 which resulted in a decrease in public confidence in banks and the government, which triggered massive withdrawals of funds. banks and many banks were unable to pay off their obligations due to the decline in the rupiah exchange rate and unprofessional management.

2.2.8 Banking Financial Statements

Kasmir (2016) Bank financial statements show the bank's overall financial condition. This report will read the real condition of the bank, including its weaknesses and strengths. This report also shows the bank's management during one period. The advantage of reading this report is that management can improve existing weaknesses and maintain their strengths. The financial report contains information regarding the amount of assets (assets) and the types of assets owned (on the asset side). Then it will also illustrate the short-term and long-term liabilities and the equity (own capital) it owns. Information that contains as above is illustrated in the financial statements which are commonly referred to as balance sheets.

2.2.9 Stakeholders

Kasmir (2016), in practice, the use of financial statements is shown to meet the interests of various parties, in addition to management and the company owners themselves. Likewise, the financial statements issued by the bank will provide various benefits to various parties. Each party has its own interests and objectives for the financial statements provided by the bank. The parties who have an interest in bank financial statements are as follows: shareholders, government, management, employees, and the wider community.

2.2.10 Types of Bank Financial Statements

Kasmir (2016), like other institutions, banks also have several types of financial reports that are presented in accordance with Indonesian GAAP and SKAPI. This means that financial reports are prepared according to predetermined standards. In practice the types of bank financial statements are as follows: (1). Balance Sheet, (2). Commitment and Contingency Report, (3). Income Statement, (4). Cash Flow Statement, (5). Notes to Financial Statements, (6). Combined and Consolidated Financial Statements.

2.2.11 Banking Financial Ratio

Kamir (2010) financial ratios are an activity to compare numbers in financial statements by dividing one number by another. Comparisons can be made between one component and one component in a financial report or between components that exist between financial statements. Then the figures being compared can be in the form of numbers in one period or several periods. For example, a comparison of the numbers in one report is the component of the numbers in the balance sheet. For example, between total current assets and current liabilities or between total assets and total debt. Then in one period the same means in one year, but if you compare for several periods, it is more than one year, for example three years (assuming one period is one year).

2.3 *Non Performing Loan (NPL)*

One indicator of the health of the banking business is to see the success or failure of the credits issued. This can be seen from the amount of credit arrears. The success of this provision can be seen by the ratio of the level of non-performing

loans (NPL) or loans that are not in good standing (Mukhlis, 2011). The largest income in a bank that can affect capital is interest income from lending. Because from the increase in lending, the interest income will increase, this increase in income can cover all expenses, including non-performing loans (NPL).

After the income is deducted by expenses and the non-performing loan (NPL), then a profit will be obtained where this increase in profit will affect capital growth. Because lending provides a very large income, each bank makes different lending policies. With the aim of increasing the amount of capital, even though there is bank income earned other than interest, for example, administrative costs of savings and transfer services (Mukhlis, 2011).

There are two types of non-performing bank (NPL) financial reports, namely gross non-performing loans (NPLs) and net non-performing loans (NPLs). Non-performing loans gross (NPL) are the ratio of comparing the total loans with substandard, doubtful, and non-performing loans combined with the total loans extended. Meanwhile, net non-performing loans (NPLs) only compare loans with a bad status with total loans distributed. In the financial statements, both are shown.

Non performing loans (NPL) in accordance with the provisions (Bank Indonesia number 31/147 / KEP / DIR dated November 12, 1998) concerning credit risk is for derivative transactions that are the market value (the mark to market value) of all agreements or contracts that promise a profit not yet realized, but potentially it could become a bank loss if the counterparty defaults. Credit quality is classified as current, under special mention, substandard, doubtful and loss. It should always be remembered that the change in credit classification from current loans to gross non-performing loans (NPLs) is a gradual decline in credit quality.

The best standard of non-performing loans (NPLs) according to regulations (Bank Indonesia Circular Letter No.6 / 23 / DPNP dated 31 May 2004) is below 5%. Bank Indonesia Regulation No.17 / 11 / PBI / 2015) concerning amendments to the Indonesian bank regulation number 15/15 / PBI / 2013 concerning the mandatory minimum reserve requirement for Commercial Banks in rupiah and foreign currency for conventional Commercial Banks, rating criteria for assessing the value of non-performing loans (NPL) is determined as follows:

1. Rank 1 non performing loan (NPL) <2%
2. Rank 2 non performing loan (NPL) 2% <NPL <5%
3. Rank 3 non performing loan (NPL) 5% <NPL <8%
4. Rank 4 non performing loan (NPL) 8% <NPL <12%
5. Rank 5 non performing loan (NPL)> 12%

The calculation for a non performing loan (NPL) is as follows:

$$\text{NPL} = \frac{\text{Credit with Quality KL, D, M}}{\text{Total credits granted}} \times 100\%$$

2.4 BOPO Ratio

Operational efficiency greatly affects bank performance, namely to show whether the bank has used all production factors appropriately and effectively (Bambang Sudiyanto, 2010). Operational costs are measured quantitatively using the efficiency ratio. Through this ratio, it is measured whether the bank management has used all production factors effectively and efficiently. Operating

costs are the ratio between total costs and total operating income. The operational cost ratio shows the operational risk borne by the bank. One of the risks arising from the increasing complexity of banking activities is the emergence of larger non-performing loans (NPLs). In other words, the bigger the scale of a bank's operations, the lower the supervision aspect, so that the non-performing loan (NPL) is getting bigger, which means the risk is getting bigger.

Operational costs are used as an independent variable that affects return on assets (ROA), based on their relationship with the bank's risk level which leads to the bank's return on assets (ROA), reduced profit before tax which in turn will reduce the profit or return on assets (ROA) of the bank concerned. (Defri, 2012). This ratio of operating costs is often called the efficiency ratio used to measure the ability of bank management to control operational costs. The smaller this ratio means the more efficient the operational costs incurred by the bank concerned so that the possibility of a bank in a problematic condition is getting smaller (Yuliani, 2007). Operating costs are calculated based on the sum of total interest expenses and total other operating expenses.

The standard of operating costs to operating income (BOPO) according to (Bank Indonesia Regulation, Bank Indonesia Circular Letter Annex 2d No.6 / 23 / DPNP dated 31 May 2004) is 94-96%. The criteria for evaluating the rating of the value of operating costs against operating income (BOPO) are determined as follows:

1. Rank 1 operating costs to operating income (BOPO) for the level of very good efficiency.
2. Rank 2 operating costs to operating income (BOPO) with good efficiency.
3. Rank 3: Operating costs to operating income (BOPO), the efficiency level is quite good or the BOPO ratio ranges from 94-96%.
4. Rank 4 operating costs to operating income (BOPO) the level of poor efficiency.
5. Rank 5 operating costs to operating income (BOPO) efficiency level is very poor.

The calculation for operating costs against operating income (BOPO) is as follows:

$$\text{BOPO} = \frac{\text{Operating costs}}{\text{Operating income}} \times 100\%$$

2.5 *Loan to Deposit Ratio (LDR)*

Lending is the main activity of banks, therefore the main source of income for banks comes from lending activities. The greater the distribution of funds in the form of credit compared to deposits or public deposits at a bank, the greater the risk that must be borne by the bank concerned. Loan to deposit ratio (LDR) is the ratio of the possibility of a depositor or debtor withdrawing funds from the bank.

Loan to deposit ratio (LDR), which is how much bank funds are released by credit (the level of a bank's volunteerism), so the ratio that measures the ratio of the amount of credit provided by the bank to the funds received by the bank which describes the bank's ability to repay the withdrawal of funds by the depositor by

relying on credit provided as a source of liquidity. The higher the loan to deposit ratio (LDR), the company's profits have the possibility to increase, provided that the bank is able to channel its credit optimally, it is concluded that the loan to deposit ratio (LDR) has a positive effect on the return on assets (ROA) of the study (Yuliani, 2007) and (Sukarno and Syaichu, 2006). The size of a bank's loan to deposit ratio (LDR) will affect the bank's performance. Loan to deposit ratio (LDR) is used as an independent variable that affects return on assets (ROA) based on its relationship with the level of bank risk which leads to return on assets (ROA) at the bank.

The difficulty in managing the loan to deposit ratio (LDR) is because the funds managed by the bank are mostly public funds which are short term and can be withdrawn at any time, therefore banks must pay attention to the need for a loan to deposit ratio (LDR) as accurately as possible a certain period of time to extend the bank's performance. According to (Defri, 2012) the amount of credit extended will determine the bank's profit. If the bank is not able to distribute credit while the funds that are collected are large, it will cause the bank to lose. So that the higher the loan to deposit ratio (LDR), the company's profit will increase (assuming the bank is able to channel credit effectively, so the number of bad loans will be small). The best standard of loan to deposit ratio (LDR) according to regulations (Bank Indonesia Circular Letter of Bank Indonesia Attachment 2e No.6 / 23 / DPNP dated 31 May 2004) is 50% <LDR <75%. The loan to deposit ratio (LDR) rating criteria are determined as follows:

1. Rank 1 loan to deposit ratio (LDR) 50% <LDR <75%.
2. Rating 2 loan to deposit ratio (LDR) 75% <LDR <85%.
3. Rank 3 loan to deposit ratio (LDR) 85% <LDR <100% or LDR <50%.
4. Rank 4 loan to deposit ratio (LDR) 100% <LDR <120%.
5. Rating 5 loan to deposit ratio (LDR) > 120%.

The calculation for loan to deposit (LDR) is as follows:

$$LDR = \frac{\text{Credit Amount}}{\text{Third Party Funds}} \times 100\%$$

2.6 Return on asset (ROA)

Return on assets (ROA) is the ability of a company to generate profits during a certain period by measuring the ability of bank management to obtain overall net profit before tax. Return on assets (ROA) is a ratio used to measure a bank's ability to generate profits compared to its total assets or a measure to assess how much the rate of return of the company's assets is.

The advantages of the return on asset (ROA) ratio are influenced by the size of the credit provided by the bank to the debtor which is given as profit, public funds saving in the bank, current accounts or deposits and the measure of operational efficiency at the bank because it is a tool or measure that is widely used in financial analysis. to find out the profit before tax obtained by the bank. The greater the return on assets (ROA) of a bank, the greater the level of profit achieved by the bank and the better the position of the bank in terms of asset use (Kartika Wahyu Sukarno and Muhammad Syaichu, 2006). Return on asset ratio (ROA).

According to Yuliani (2007), to minimize the above risks, banks need to act rationally in the sense that they pay more attention to efficiency. The problem of efficiency is felt to be increasingly important at present and in the future due to problems that may arise as a result of tighter business competition, and an increase in the quality of life which results in an increase in consumer satisfaction standards. Profit after tax is the net profit from operating activities before tax, while the average total assets is the average volume of the business or assets. Standard return on assets (ROA) according to regulations (Bank Indonesia Circular Letter of Bank Indonesia Attachment 2d No.6 / 23 / DPNP dated May 31, 2004) is 0.5-1.25%. The criteria for evaluating the return on asset (ROA) rating are determined as follows:

1. Rank 1 return on assets (ROA) of very high profit
 2. Rank 2 is high return on assets (ROA)
 3. Return on assets (ROA) is quite high or the ROA ratio ranges from 0.5% <ROA <1.25%
 4. Rank 4 return on assets (ROA) of the Bank's profit is low or tends to experience losses (ROA) leads to negative
 5. Rank 5 return on assets (ROA) The bank has a large loss (negative ROA)
- The calculation for return on assets (ROA) is as follows:

$$ROA = \frac{\text{Profit After Tax}}{\text{Total Assets}} \times 100\%$$

III. RESEARCH METHOD

In this research, the data used are quantitative data. Quantitative research methods can be interpreted as a research method based on the philosophy of positivism, used to research on specific populations or samples, data collection using research instruments, quantitative or statistical data analysis with the aim of testing predetermined hypotheses (Sugiyono, 2016). The type of data used in this study is secondary data. The definition of secondary data according to data sources does not directly provide data to data collectors, for example through other people or through documents. Secondary data, among others, is presented in the form of data, tables, diagrams, or on research topics. This secondary data in the form of financial reports can be obtained from www.idx.co.id and www.permatabank.com

The type of research used is causal research and explanatory research. The reason for choosing causal research is a research design used to prove the relationship between the cause and effect of the dependent (influencing) and dependent (influenced) variables used in research (Sugiyono, 2016). In this study, the causal research used is to control the dependent variable, namely non-performing loans (NPL), operational costs with operating income (BOPO), loan to deposit ratio (LDR) which will affect the independent variables, namely return on assets (ROA). the existing phenomenon situation.

Explanatory research is to test the proposed hypothesis, so that the hypothesis can explain the relationship and influence between the independent variables, namely non-performing loans (NPL), operating costs and operating income (BO), loan to deposit ratio (LDR). The dependent variable is return on assets (ROA).

The data collection used in this research is time series analysis, which is to compare between times or between periods, with the aim that later it will be seen in numbers and also graphically. The figures obtained are data sourced from various business sectors such as data on productivity, sales, profit, loss and so on. This refers to data that comes from financial statements (Fahmi, 2015). Time series analysis in this study is the object at PT. Permata Bank and the time sequence of the period from 2011-2018.

Data analysis is part of the data testing process, the results of which are used as sufficient evidence after data from all sources have been collected using statistics to draw research conclusions. Secondary data needed in this study are: (1). Non performing loan (NPL) for the period 2011-2018. (2). Operating costs to operating income (BOPO) for the period 2011-2018. (3). Loan to deposit ratio (LDR) for the period 2011-2018. (4). Return on assets (ROA) for the period 2011-2018.

In this study, we will calculate, test, and estimate the value of the effect of non-performing loans (NPL), operational costs, loan to deposit ratio (LDR) on company profitability by calculating the ratio of return on assets (ROA). This analysis method uses the tools of the Microsoft Excel program and the SPSS version 25 program. The steps of analysis in this research are descriptive analysis, classic assumption test which includes normality, heteroscedasticity, autocorrelation, and multicollinearity which aims to check the accuracy of the model so that it is unbiased and efficient, multiple linear regression analysis, partial test with t test. partial test with the F test, correlation analysis and the Coefficient of Determination (R^2).

IV. RESEARCH RESULTS AND DISCUSSION

4.1 Descriptive Statistics

Descriptive statistics are used to describe a number of data from each research variable, namely Non-Performing Loan (NPL), Operating Expenses, Operating Income (BOPO) and Loan to Deposit Ratio (LDR), as independent variables and Return on Assets (ROA) as the dependent variable. . Descriptive statistics of each of the variables studied are as follows:

Table 2. Descriptive Statistics Results

Descriptive Statistics			
	Mean	Std. Deviation	N
ROA	,0246	,12099	8
NPL	1,5218	,09279	8
BOPO	-,6194	,79254	8
LDR	1,0158	,03740	8

Source: Data Processing Results of SPSS Version 25 (2020)

4.2 Classic Assumption Test

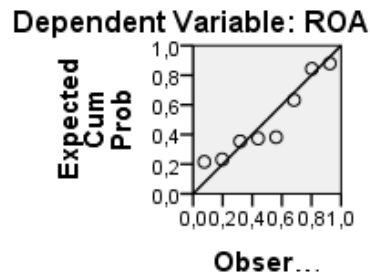
1. Normality Test

Normality test aims to test whether the residual variable in the regression model has a normal distribution. It is known that the t test assumes that the residual value follows a normal distribution. If this assumption is violated, the statistical test becomes invalid for a small sample size. The results of the normality test can be

done by looking at the histogram graph and the normal probability plot graph which can be seen in the table and figure as follows.

Picture 1. Normality Test Results

Normal P-P Plot of Regression Standardized Residual



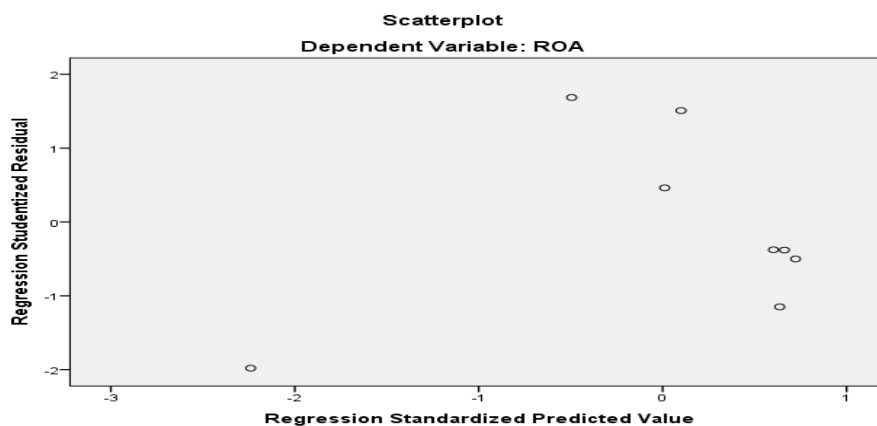
Source: Data Processing Results of SPSS Version 25 (2020)

The normality test histogram graph shows that residual or non-performing loan (NPL) data, operational costs to operating income (BOPO), loan to deposit ratio (LDR) are normally distributed and symmetrical and do not deviate to the right or to the left. The histogram graph shows a normal distribution pattern so that the multiple regression model for data on non-performing loans (NPL), operating costs to operating income (BOPO), loan to deposit ratio (LDR) to return on assets (ROA) meets the assumption of normality.

2. Heteroscedasticity Test

This assumption states that the residual variation around the regression line is constant for any combination of the independent variable values. If the scatterplot of residuals graph regression does not form a certain pattern (wavy, widened then narrowed, linear or caudratic pattern), then in regression the assumption of heteroscedasticity does not occur. Can on the scatterplot graph, the scattering dots do not form a certain pattern, so the assumption that heteroscedasticity does not occur is fulfilled, is presented in the following figure:

Picture 2. Scatterplot Heteroscedasticity Test



Source: Data Processing Results of SPSS Version 25 (2020)

3. Autocorrelation Test

Autocorrelation arises because consecutive observations over time are related to each other, this problem arises because the residuals (confounding errors) are not independent from one observation to another. Autocorrelation of the residuals usually occurs when the regression analysis includes time series data. The results of the autocorrelation test are presented in the following table:

Table 3. Autocorrelation Test Results

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,942 ^a	,888	,804	,05353	2,540

a. Predictors: (Constant), LDR, BOPO, NPL

b. Dependent Variable: ROA

Source: Data Processing Results of SPSS Version 25 (2020)

In the table above, the Durbin-Watson statistic (DW stat) is 2.540. Furthermore, the DW stat value is compared with the DW table which consists of two values, namely the lower limit (dL) and the upper limit (dU). With $k = 3$ because the number of independent variables used is 3 and $n = 8$, it is found in the Durbin Watson table ($\alpha = 5\%$) the dL limit is 0.3674 and dU is 2.2866. So it can be stated that the results of the Durbin-Watson statistical test are in the $dU \leq d \leq 4-dU$ or $2.2866 \leq 3.326 \leq 1.7134$ so it can be concluded that there is no autocorrelation.

4. Uji Multikolinearitas

The guideline for a regression model that is free of multicollinearity is that the correlation between the independent variables is imperfect or not strongly related to one another. The size of the correlation that is free of multicollinearity can be measured by the tolerance or VIF (Variance Inflation Factor) value of each variable in the SPSS Ver computer program. 25 that is, if the tolerance value is < 0.1 or $VIF > 10$ then it indicates the presence of multicollinearity. Below are the results of data processing that can explain whether there are symptoms of multicollinearity between the independent variables.

Table 4. Multicollinearity Test Results

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1,497	,831		1,802	,146		
	NPL	-,909	,254	-,697	-3,584	,023	,739	1,353
	BOPO	,068	,027	,444	2,478	,068	,871	1,148
	LDR	-,046	,591	-,014	-,078	,942	,837	1,195

a. Dependent Variable: ROA

Source: Data Processing Results of SPSS Version 25 (2020)

The Effect of Non Performing Loan Ratio, BOPO Ratio and Loan To Deposit Ratio on Return on Assets PT. Bank Permata, Tbk Period 2011-2018

Based on the table above, it can be seen that the tolerance value of each independent variable shows a number > 0.10 and all of them have a VIF value less than 10, so it can be concluded that in the regression model there is no multicollinearity problem in the regression model.

4.3 Hypothesis test

1. Multiple Linear Regression Analysis

To analyze the effect of Non Performing Loans (NPL), Operational Cost of Operating Income (BOPO), and Loan to Deposit Ratio (LDR) on Return On Asset (ROA) case study at PT. Bank Permata, Tbk for the 2011-2018 period, the authors use multiple regression analysis techniques in the following table form:

Table 5. Multiple Linear Regression Analysis Results

		Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1,497	,831		1,802	,146		
	NPL	-,909	,254	-,697	-3,584	,023	,739	1,353
	BOPO	,068	,027	,444	2,478	,068	,871	1,148
	LDR	-,046	,591	-,014	-,078	,942	,837	1,195

a. Dependent Variable: ROA

Source: Data Processing Results of SPSS Version 25 (2020)

By looking at the table above, a multiple linear regression equation can be prepared as follows:

$$Y = 1,497 - 0,909NPL + 0,068BOPO - 0,046LDR$$

From the regression equation model above, it can be interpreted as follows:

1. The constant value is 1.497 ($\alpha = 1.497$), which means that the return on assets of the company being studied mathematically or on the basis of a minimum function of 1.497%.
2. NPL has a coefficient of -0.909, this negative value indicates that NPL has a negative or opposite effect on Return On Assets. This implies that if the regression coefficient of other variables is constant, each 1% increase in the NPL value will decrease the value of Return On Assets by 0.909%. Conversely, if the NPL value decreases by 1%, it will increase the Return On Asset value by 0.909%.
3. BOPO has a coefficient value of 0.068, this positive value means that if the regression coefficient value for other variables is constant, any change in the increase or decrease in the value of OEI by one time will increase or decrease the value of Return On Asset by 0.068%.
4. LDR has a coefficient value of -0.046, this negative value indicates that LDR has a negative or opposite effect on Return On Assets. This implies that if the regression coefficient value of other variables is constant, any change in the increase or decrease in LDR by one time will increase or decrease the value of Return On Asset by -0.046%.

2. Partial test with t test

The second level of significance test is directed to test each coefficient. The t test (partial) is used to determine the effect of NPL, OEOI, and LDR partially or individually on Return On Assets, where the results can be seen as follows:

Table 6. Hypothesis Test Results Partially

		Coefficients ^a						
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	1,497	,831		1,802	,146		
	NPL	-,909	,254	-,697	-3,584	,023	,739	1,353
	BOPO	,068	,027	,444	2,478	,068	,871	1,148
	LDR	-,046	,591	-,014	-,078	,942	,837	1,195

a. Dependent Variable: ROA

Source: Data Processing Results of SPSS Version 25 (2020)

The level of confidence used is 95%, then the value of $\alpha = 0.05$. The terms of acceptance or rejection of the hypothesis are as follows:

1. If t is greater than t table ($t \text{ count} > t \text{ table}$) or the probability is smaller than the significant level ($\text{Sig} < 0.05$) H_0 is rejected, then partially the independent variable has a significant effect on the dependent variable.
2. If t count is smaller than t table ($t \text{ count} < t \text{ table}$) or the probability is greater than the significant level ($\text{Sig} > 0.05$) H_0 is accepted, then partially the independent variable does not have a significant effect on the dependent variable.

The results of testing the research hypotheses based on the t test are as follows:

1. Effect of Non Performing Loans (NPL) on Return On Assets (H_1). The regression result of the Non Performing Loan (NPL) variable has a tcount of -3.584 with a significance level of the test results of 0.023 where this significance level is less than 0.05 (5%), so H_1 is rejected. This means that partially the Non Performing Loan (NPL) has a significant effect on Return On Assets.
2. The Influence of Operational Costs Operating Income (BOPO) on Return On Assets (H_2). The regression results of the Operational Cost Operational Income (BOPO) variable have a tcount of 2.478 with a significance level of the test results of 0.068 where this significance level is greater than 0.05 (5%) then H_2 is accepted. This means that partially Operational Income Operating Costs (BOPO) do not have a significant effect on Return On Assets.
3. Effect of Loan to Deposit Ratio (LDR) on Return On Assets (H_3). The regression results of the variable Loan to Deposit Ratio (LDR) have a tcount of -0.078 with a significance level of the test results of 0.942 where this significance level is greater than 0.05 (5%) then H_3 is accepted. This means that partially the Loan to Deposit Ratio (LDR) has no significant effect on Return On Assets.

3. Simultaneous Test with F Test

The F test (simultaneous) is used for testing the simultaneous significance (overall significance) of a regression equation based on hypothesis testing. To test whether this regression model can actually be used to predict Y, the F-test can be used in accordance with the SPSS calculation. It can be seen in the table in the form of a summary of the ANOVA output.

Table 7. Simultaneous Hypothesis Test Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,091	3	,030	10,586	,023 ^b
	Residual	,011	4	,003		
	Total	,102	7			

a. Dependent Variable: ROA

b. Predictors: (Constant), LDR, BOPO, NPL

Source: Data Processing Results of SPSS Version 25 (2020)

Based on the table above, it can be seen that the value of $F_{count} > F_{table}$ or with a significance of $10.586 > 0.05$, it can be said that the independent variable simultaneously has a significant effect on the dependent variable. From this explanation, it can be concluded that Non-Performing Loans (NPL), Operational Cost of Operating Income (BOPO), and Loan to Deposit Ratio (LDR) together (simultaneously) have an effect on Return On Assets (ROA).

4. Correlation Test

Tabel 8. Hasil Uji Korelasi

Correlations					
		ROA	NPL	BOPO	LDR
Pearson Correlation	ROA	1,000	-,844	,683	,276
	NPL	-,844	1,000	-,344	-,391
	BOPO	,683	-,344	1,000	,041
	LDR	,276	-,391	,041	1,000
Sig. (1-tailed)	ROA	.	,004	,031	,254
	NPL	,004	.	,202	,169
	BOPO	,031	,202	.	,462
	LDR	,254	,169	,462	.
N	ROA	8	8	8	8
	NPL	8	8	8	8
	BOPO	8	8	8	8
	LDR	8	8	8	8

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

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

Source: Data Processing Results of SPSS Version 25 (2020)

5. Determination Coefficient Test

The coefficient of determination from the multiple regression results shows how much the dependent variable can be explained by the independent variables. The results of the coefficient of determination test in this study are the coefficient of determination of the effect of Non-Performing Loans (NPL), Operational Cost of Operating Income (BOPO), and Loan to Deposit Ratio (LDR) on Return On Assets (ROA), which are presented in the following table :

Tabel 9. Determination Coefficient Test Results

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,942 ^a	,888	,804	,05353	2,540

a. Predictors: (Constant), LDR, BOPO, NPL

b. Dependent Variable: ROA

Source: Data Processing Results of SPSS Version 25 (2020)

Based on the table above, the coefficient of determination as seen from the Adjusted R Square value is 0.888. This means that the contribution of Non Performing Loans (NPL), Operational Income Operational Costs (BOPO), and Loan to Deposit Ratio (LDR) in explaining Return On Assets (ROA) is 88%, while the remaining 12% is explained by variables other than that Performing Loans (NPL), Operating Costs and Operating Income (BOPO), and Loan to Deposit Ratio (LDR) which are not disclosed in this study.

V. CONCLUSIONS AND SUGGESTIONS

5.1 Conclusions

Based on the results of research and discussion of this study, several conclusions can be drawn as follows:

1. The partial test results show that the Non Performing Loan (NPL) has a significant negative effect on Return On Assets at PT. Bank Permata, Tbk for the period 2011-201. This result means that the higher the credit risk the company has, the lower the income received by PT. Bank Permata, Tbk. Loans collected by banks need to continue to allocate risk exposure to non-performing loans (NPL) at an adequate level so as to minimize potential losses from provision of funds, while the condition of a bank's assets is still affected by non-performing loans (NPL) which, if not managed will effectively disrupt the continuity of the bank's business.
2. The partial test results show that the BOPO Ratio has no significant effect on Return On Assets at PT. Bank Permata, Tbk for the period 2011-2018. These results indicate that the higher the operational costs charged, the higher the income received by PT. Bank Permata, Tbk.
3. The partial test results show that the Loan to Deposit Ratio (LDR) has no significant effect on Return On Asset at PT. Bank Permata, Tbk for the period 2011-2018. This result means that the higher the funds distributed, the higher the income received by PT. Bank Permata, Tbk.

4. Non Performing Loans (NPL), BOPO Ratio, and Loan to Deposit Ratio (LDR) together (simultaneously) have an effect on Return On Asset (ROA).

5.2 Suggestions

Based on the above conclusions, the researcher can provide the following suggestions:

1. For the Company. It is hoped that PT. Bank Permata, Tbk is expected to continue to allocate risk exposure to non-performing loans (NPLs) at an adequate level so as to minimize potential losses from the provision of funds owned by the company. As well as having a low level of risk by applying the principle of prudence in extending credit to prospective borrowers and limiting the provision of funds to both related and non-related parties in a certain percentage. PT. Bank Permata, Tbk is expected to have operating costs that are lower than its operating income by identifying sources of operational risk and monitoring the implementation of the bank's operational processes and systems so that operational expenses can be minimized.
2. For further researchers. Further researchers are expected to consider other variables not included in this study, such as the Capital Adequacy Ratio (CAR), Third Party Funds, Net Interest Margin (NIM) as additional references to the variables studied and to extend the research year so that the research results are more complete. and comprehensive in the future.

5.3 Limitations

Researchers are aware that this study still has shortcomings and limitations in the study, as for the limitations of the research in question, namely:

1. The observation period in the study is only 8 years, namely 2011-2018 so that the data that meets the statistical test is still limited.
2. The sample used is limited to one banking company.
3. From the research results the coefficient of determination is 71% of the effect of NPL, OEOI Ratio and LDR on Return On Assets and there are still 29%, namely other factors that affect the company's profitability.

5.4 Further Research Development

From the limitations of the research described above, it is hoped that the development of further research, namely:

1. Future research can use other alternatives in using the dependent variable, for example by using other ratios.
2. Further research can conduct research using different types of industry so that it can be used as a comparative study.
3. Subsequent research uses a wider range of research times so as to obtain more varied and better data.

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