

EFFECT OF CAPITAL ADEQUACY RATIO AND NON PERFORMING FINANCING ON RETURN ON ASSET IN PT. BANK RAKYAT INDONESIA (BRI) SYARIAH PERIOD 2012-2016

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Abstrak

The purpose of this study to analyze and determine the effect between Capital Adequacy Ratio and Non Performing Financing on Return On Asset At PT. Bank Rakyat Indonesia (BRI) Syariah Period 2012-2016. The research framework is taken from the financial statements at PT. Bank Rakyat Indonesia (Persero) Tbk. Taken from the Indonesia Stock Exchange for the last 5 (five) periods of 2012, 2013, 2014, 2015 and 2016. The research approach used is a quantitative approach, the method of analyzing data, among others: (1) Multiple Linear Regression Analysis, 2) F Test Analysis, (3) Test T. (4) Determinant Coefficient Test. The results obtained that Capital Adequacy Ratio (CAR) partially significant positive effect on Return On Assets (ROA) in PT. Bank Rakyat Indonesia Syariah Period 2012-2016. Non Performing Financing (NPF) ratio has no effect on Return On Asset (ROA) in PT. Bank Rakyat Indonesia Syariah Period 2012-2016. Capital Adequacy Ratio and Non Performing Financing simultaneously have a really significant effect on Return On Assets at PT. Bank Rakyat Indonesia Syariah.

Keywords:

Capital Adequacy Ratio, Non Performing Financing, Return On Asset

INTRODUCTION

The Sharia Bank was originally developed as a response from a group of Muslim banking economists and practitioners seeking to accommodate the insistence of various parties who wanted to available financial transaction services are implemented in line with the moral values and principles of sharia in Islam Therefore, the establishment of an interest-free banking system (Sharia bank). Syariah banking is founded on philosophical and practical reasons. Philosophically, because of the prohibition of taking usury in financial transactions and non-financial. Practically, because the interest-based or conventional banking system contains weaknesses¹.

The growth of sharia banks in Indonesia is currently quite significant, especially PT. Bank Rakyat Indonesia (BRI) Syariah which in carrying out its business activities also increased. Bank BRI Syariah recorded positive performance growth throughout 2015. This is seen from assets, assets grew 19.12% to Rp24, 23 trillion thanks to the performance of financing which grew 6.17% to Rp16, 66 trillion. The financing was also supported by third party fund raising (DPK) which increased to Rp19.65 trillion or grew 17.58% from the previous year. However, Referring to BRI Syariah's financial statements, operating expenses increased by 11.41% to Rp 520.45 billion per April 2017. Furthermore, the allowance for impairment losses on earning assets also increased by 46.82% yoy to Rp 558.18 billion at the end of April 2017. On the other hand, revenues after the revenue- sharing distribution only rose 4.91% to Rp 543.65 billion as of April 2017. The result came from the difference between the revenue disbursement of funds and the revenue share for the fund owner².

¹ Dhika Rahma D. *Faktor-Faktor Yang Mempengaruhi Profitabilitas Bank Syariah di Indonesia*. Semarang: Fakultas Ekonomi Universitas Diponegoro. 2010

² <http://www.brisyariah.co.id/?q=brisyariah-bidik-pembiayaan-2017>.

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PT. BRI sharia in carrying out its business requires capital needs in the business development effort. The ability of banks in managing the capital aspect can be seen in the Capital Adequacy Ratio. Capital aspect is an important part in the business development process because if the bank is able to manage it then it can be concluded that the bank is healthy and has a high level of sustainability in the long term. Capital Adequacy Ratio (CAR) is used as a measure of capital because the CAR ratio is used to measure the capital adequacy of a bank to support assets that contain or generate risks, such as loans. The higher the CAR, the stronger the bank's ability to assume the risk of any credit or risky earning assets.³ Another problem which then deserves to be taken into consideration about the quality of assets owned by the company, Quality of Assets in this case proxied by NPF is used as a variable affecting market share as it reflects financing risk. The higher this ratio, indicating the quality of sharia bank financing is getting worse. The level of health financing (NPF) influences the achievement of market share of a bank. Customers will feel secure in placing funds in a bank because it is well managed. Financing management is needed by banks, because the financing function is the largest source of income for sharia banks

MATERIALS AND METHODS

Judging from the level of explanation, this study includes associative research. Associative research is a study that aims to determine the relationship between two or more variables, with this research will be built a theory that can serve to explain, predict and control a symptom.⁴

The research approach used is quantitative approach. The Quantitative Approach is a type of research that produces findings that can be achieved (obtained) using statistical procedures or other means of quantification (measurement).⁵ Pursuant to research purpose which basically is to explain relation of free variable that is CAR ratio, ratio of NPF with dependent variable that is ROA profitability, then the research used included research with explanation (explanation).

Sampling technique in this research use purposive sampling. According Sugiyono⁶ purposive sampling is a technique of determining the sample with certain considerations. The reason for sampling, because researchers want to prove the financial performance report through several financial ratios with sample annual report period 2012-2016. Determination of the number of samples that become the object of research is PT. Bank Rakyat Indonesia (BRI) Syariah which in accordance with the research criteria are:

- a. Bank registered in OJK during the period of study (2012-2016), the bank publishes its annual financial statements.
- b. There is completeness of research data to support measurement variables such as balance sheet, income statement and capital change report.
- c. There is completeness of research data to support measurement variables such as balance sheet, income statement and capital change report.

The analytical techniques that will be done by the author in doing this research include the following:

1. Multiple Regression Analysis Method

The analytical method used to measure the influence of two or more of the independent variables. The formula Regression is as follows:

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3$$

Which :

Y = independent variable

a = Constant numbers

b = Regression coefficient

³ Lukman Dendawijaya. *Manajemen Perbankan*. Jakarta: Ghalia.2009.

⁴ V. Wiratna S. *Metodologi Penelitian Bisnis & Ekonomi*. Yogyakarta:Pustaka Baru Press. 2016. Hal 16.

⁵ *Ibid.* V. Wiratna S. 2016. Hal-39

⁶ Sugiyono. *Metode Penelitian Administrasi dilengkapi Metode R&D*. Bandung : Alfabeta. 2016

x = independent variable

2. Hypothesis Testing

a. Uji F

To know the effect of free variable to dependent variable simultaneously (together) used with equation as follows:

$$F_{hitung} = \frac{R^2 / k}{(1 - R^2) / (n - k - 1)}$$

Information :

R^2 = coefficient of determination

k = the number of independent variables

n = number of samples

b. Test T

To know the influence of independent variable to variable tied partially (individual), hence used t test with equation:

$$t_{hitung} = \frac{b}{S_b} \text{ (Sugiyono, 2016)}$$

Information:

b = regression coefficient

Sb = standard deviation, with a 95% confidence level ($\alpha = 5\%$)

Statement:

Ho : b1, b2, b3 = 0

Means there is no influence between independent variables partially (individual) to the dependent variable.

Ha : b1, b2, b3 \neq 0

Means there is influence between independent variables partially (individual) to the dependent variable.

c. Determinant Coefficient Test (R^2)

Test Coefficient Determinant or correlation test is used to study the relationship between two or more variables. The relationship studied is a linear or straight line relationship. Therefore, this r test is often called linear correlation test. It should be understood also that this correlation test is only used for quantitative variables. That is, this test can only be used when the variables being studied are both quantitative variables. This r value can be a positive sign, but it can also be negative. Here is an interpretation of the sign on the correlation coefficient.

1. If the value of $r = +$ (positive), then the relationship is directly proportional. That is, the greater the value of variable X, the greater the value of the variable Y or the smaller the value of the variable X then the smaller the value of variable Y.

2. If the value of $r = -$ (negative) then the relationship is inversely proportional. This means that the greater the value of the variable X, the smaller the value of the variable Y or the smaller the value of the variable X, the greater the value of the variable Y.

If the value of $r = 0$, meaning there is no relationship at all between variables X and Y.

DISCUSSION

Multiple linear regression analysis is a statistical technique used to predict how the state or influence of independent variables to the dependent variable as follows:

Table1.1
Regression Equation
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

1 (Constant)	.187	1.908	.098	.931
CAR	.723	.182	.499	1.676
NPF	-.267	.243	-.809	-1.097

a. Dependent Variable: ROA

Based on the above table, we can explain the calculation of multiple linear regression analysis using the regression equation as follows:

$$Y = a + b_1x_1 + b_2x_2$$

$$Y = 0,187 + 0,723X_1 - 0,267X_2$$

a = Constant 0.187

Show that if independent variables (CAR and NPF) are assumed to be constant or fixed and unchanged, then the Return On Asset (ROA) of PT. Bank Rakyat Indonesia Syariah will experience a shift of 0.187 units.

b₁ = Capital Adequacy Ratio (CAR) 0,723

Can be interpreted that every increase of Capital Adquan Ratio at PT. Bank Rakyat Indonesia Syariah amounting to Rp.1, -. It will lead to increased profitability ROA PT. Bank Rakyat Indonesia Syariah of 0.723 units.

b₂ = Non Performing Loan (NPF) -0,267

Regression value is negative, that if there is one unit increase in ratio of Non Performing Financing (NPF), it will cause decrease profitability ROA PT. Bank Rakyat Indonesia Syariah of 0.267 units. This is because the number of non-optimal problem loans managed by the company.

This hypothesis test is used for the significant test of the relationship between several independent variables on the dependent variable simultaneously. The calculation can be seen as follows:

Table 1.2
ANOVA Test

ANOVA ^b						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1 Regression	.226	2	.113	9.603	.004 ^a	
Residual	.374	2	.187			
Total	.600	4				

a. Predictors: (Constant), NPL, CAR
b. Dependent Variable: ROA

ANOVA test in this study compare between Fhitung with Ftabel at level of trust (0,05) or by see significant value F. If F arithmetic bigger than F table or significant value F <0,05 then Ho rejected Ha accepted.

To find Ftabel used (Dk numerator = k-1), (Dk denominator = nk). So Dk numerator = 2-1 = 1, while Dk denominator = 15-2 = 13 means the magnitude of F table of 4.670.

The calculation results show that Fcount of 9.603 is greater than Ftabel of 4.670 with significant value. F by 0,004. Based on these calculations, it can be interpreted that means Capital Adequacy Ratio (X1), Non Performing Financing (X2) simultaneously have a really significant effect on Return On Assets on At PT. Bank Rakyat Indonesia (BRI) Sharia in 2012-2016.

Based on Table 1.1 above, it will be explained about the results of T test calculations to determine the effect partially between independent variabel and dependent variable, testing the hypothesis in this study by looking at t table through Df (nk) = 15-2 = 13 = 1.771 for two-sided test as follows:

1. Influence Capital Adequacy Ratio (CAR) To Return On Asset (ROA)

Testing hypothesis 1 regarding the influence of Capital Adequacy Ratio (CAR) Against ROA. Obtained value $t_{count} 1.676 > t_{tabel} 1.771$, while the value of significance count $0.003 < 0.05$. This means that H_0 is rejected. The results of the tests show that there is sufficient empirical evidence to accept hypothesis 1 which reads "There is influence Capital Adequacy Ratio (CAR) Against ROA At PT. Bank Rakyat Indonesia (BRI) Syariah Period 2012-2016".

2. Pengaruh *Non Performing Financing* (NPF) Terhadap *Return On Asset* (ROA)

Pengujian hipotesis 2 mengenai pengaruh *Non Performing Financing* (NPF) Terhadap *Return On Asset* (ROA), Diperoleh nilai $t_{hitung} -1,097 < t_{tabel} 1,771$, sedangkan nilai signifikansi hitung $0,387 > 0,05$. Hal ini berarti bahwa H_0 diterima. Hasil pengujian tersebut menunjukkan bahwa cukup bukti empiris untuk menolak hipotesis 2 yang berbunyi "Tidak terdapat pengaruh *Non Performing Financing* (NPF) Terhadap *Return On Asset* (ROA) Pada PT. Bank Rakyat Indonesia (BRI) Syariah Periode 2012-2016".

Coefficient of Determinant (R²)

Table 1.3
Determinant Coefficient Test
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.613 ^a	.376	6.248	.43244

a. Predictors: (Constant), NPF, CAR
b. Dependent Variable: ROA

Coefficient of determinant or Adjusted R square equal to 0,376 mean the influence of Capital Adequacy Ratio (X1), Non Performing Financing (X2), to Return On Asset (ROA) equal to 37,6%. While the rest based on prediction and kemungkinan-likely influenced by other variables and indicators.

Based on the results of research and observations made at PT. Bank Rakyat Indonesia (BRI) Syariah Period 2012-2016 concerning Capital Adequacy Ratio (X1), Non Performing Financing (X2) to Return On Asset, then can be discussed from the results of the findings in the study as follows:

The results of the first hypothesis testing showed that Capital Adequacy Ratio (CAR) partially have a significant influence on Return on Asset Value at PT. Bank Rakyat Indonesia (BRI) Syariah Period 2012-2016. The results of this study explain that Capital Adequacy Ratio (CAR) has a positive and significant effect on Return On Assets (ROA) is evidenced by the value of t count $1.676 > t$ table 1.771 , while the value of significance count $0.003 < 0.05$, This means that H_0 is rejected.

It can be seen from the statistical description of the calculation of the company's CAR ratios that resulted in an average percentage of CAR value of more than 12%, the results are in the 1st rank matrix in accordance with the terms of the Financial Services Authority. Banks shall refer to the provisions of Circular Letter OJK No.2 / SEOJK.05 of 2016 which regulates the level of health of Islamic financing. In addition, in assessing the adequacy of capital, banks should also link capital adequacy with the Bank's Risk Profile. The higher the Bank's risk, the greater the capital that must be provided to anticipate the Risk (SE OJK. No.2/05 of 2016).

Based on these findings it is said that the company in this study is very good in managing and paying attention to the CAR Ratio. The CAR ratio provides information on whether the bank's capital adequately supports the bank's operations and is able to absorb the loss of bank losses incurred in investing funds or decreasing assets. So the greater the bank's capital, the ability to absorb bank losses in planting or decreasing assets is also greater.

The results of this study supported by research conducted by Lukito Pamungkas stating that the ratio of CAR effect on Return On Asset banking companies. The findings in this study are inversely

proportional to the research that has been done by Ningsukma⁷ which states that the variable CAR does not affect the ROA in the Sharia bank industry.

Results of testing the second hypothesis shows that there is no influence of Non Performing Financing (NPF) Against ROA at PT. Bank Rakyat Indonesia (BRI) Syariah Period 2012-2016. This is evidenced by the T Test with the value of t value $-1.097 < t_{table} 1.771$, while the value of significance count $0.387 > 0.05$. This means that H_0 is accepted.

The calculation value of this ratio also indicates that the company can manage the NPF ratio well because the average of this ratio reaches between 2% -5% in accordance with the provisions imposed by Circular OJK No.2 / SEOJK.05 of 2016. Based on calculations all data can be concluded that PT. Bank Rakyat Indonesia (BRI) Syariah in managing the level of banking health through the quality of assets of a bank. The NPF ratio also shows the bank's management capability in managing non-performing financing provided by the bank, both mudharabah financing and musharakah financing compared to the value of the company's assets. In this research can also be seen that the existing problematic financing in the company has increased from the period of 2012-2016, as well as the total value of financing discharged. Increasing the NPF ratio will reduce the amount of bank capital, since the income received by the bank is used to cover the high NPF.

The results of this study are supported by several studies from Dhika⁸, Muh. Sabir⁹ explains that the ratio of Non Performing Financing (NPF) has no significant effect on Return On Assets in Islamic banking companies.

CONCLUSIONS AND RECOMMENDATIONS

Based on data analysis and discussion that has been done about the influence of Capital Adequacy Ratio ratio, Non Performing Financing to Return On Asset at PT. Bank Rakyat Indonesia Syariah Period 2012-2016, then the researcher can convey research conclusion as follows: 1) *Capital Adequacy Ratio (CAR)* partially significant positive effect on Return On Assets (ROA) at PT. Bank Rakyat Indonesia Syariah Period 2012-2016. Non Performing Loan (NPL) ratio has no effect on Return On Asset (ROA) in PT. Bank Rakyat Indonesia Syariah Period 2012-2016, 2) *Capital Adequacy Ratio* and *Non Performing Loan* simultaneously have a really significant effect on Return On Assets at PT. Bank Rakyat Indonesia Syariah Period 2012-2016.

Based on the findings and discussion of research results, it was found that CAR variables affect the Return On Asset, it is expected to maintain the level of bank capital (CAR) should the company pay more attention to the amount of capital owned by the company, because capital is the most important factor that must be owned by the bank. To anticipate the development of the scale of business expansion financing or loans provided. Be more careful in lending the funds by conducting more accurate and more selective financing analysis so that it can reduce the risk of financing in the category of doubtful or loss which later can increase the profitability of Sharia companies.

For banks, it is expected to maintain the balance of CAR and NPF financial ratios in order to be maintained in accordance with the Regulations set forth by the Financial Services Authority. Banks must also maintain the system so that NPF can be suppressed, because if the NPF decreases then automatically ROA on the Bank will rise. Conversely, if in a banking NPF increased, then the ROA on the Sharia Bank will decline. This can disrupt the stability of Bank Syariah capital

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⁷ Ningsukma Hakim. Pengaruh Internal *Capital Adequacy Ratio (CAR)*, *Financing To Deposit Ratio (FDR)*, dan Biaya Operasional Per Pendapatan Operasional (BOPO) dalam Peningkatan Profitabilitas Industri Bank Syariah di Indonesia. Jurnal Aplikasi Manajemen (JAM) Vol 14 No 1, 2016.

⁸ *Ibid.* Dhika Rahma D

⁹ *Ibid.* Muh. Sabir *et. All*

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