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THE NEXUS BETWEEN FDR, NPF, BOPO TOWARD PROFITABILITY OF INDONESIAN ISLAMIC BANK

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Abstract

Based on Sharia Commercial Bank Statistics Data, the value of profitability is measured by Return On Assets that have decreased from 2013-2017. This happens because the NPF ratio has increased from year to year (if there is much problematic financing, the cost of providing a loss will be high, which causes the BOPO ratio to increase). So that Sharia Commercial Banks must reduce the FDR ratio, with the reduction in the distribution of funds to customers making the Sharia Commercial Banks experience a reduction in income to be received. That way can cause the level of profitability to be obtained decreases. This study aims to determine the effect of the ratio of FDR, NPF, BOPO to the profitability of Islamic Commercial Banks in Indonesia. This type of research is descriptive quantitative with panel data regression analysis methods and hypothesis testing using (F test, t-test, R2), and data processing using Eviews 9. The test results obtained together with variables FDR, NPF, BOPO significantly influence towards ROA. Partially, FDR has no significant negative effect on ROA. NPF variable is not a significant positive effect on ROA. BOPO variable has a negative and significant effect on ROA. R2 test of 82.73% while the remaining 17.27% is influenced by other factors outside the study. BOPO variable has a negative and significant effect on ROA. R2 test of 82.73% while the remaining 17.27% is influenced by other factors outside the study. BOPO variable has a negative and significant effect on ROA. R2 test of 82.73% while the remaining 17.27% is influenced by other factors outside the study.

Keywords: *FDR, NPF, BOPO and ROA*

Abstrak

Berdasarkan Data Statistik Bank Umum Syariah nilai profitabilitas yang diukur dengan *Return On Asset* mengalami penurunan dari tahun 2013-2017. Hal tersebut terjadi karena rasio NPF mengalami peningkatan dari tahun ke tahun (apabila banyaknya pembiayaan bermasalah maka biaya pencadangan atas kerugian akan tinggi yang mengakibatkan rasio BOPO meningkat). Sehingga Bank Umum Syariah harus mengurangi rasio FDR, dengan berkurangnya penyaluran dana kepada nasabah membuat Bank Umum Syariah mengalami pengurangan atas pendapatan yang akan diterima. Dengan begitu dapat menyebabkan tingkat profitabilitas yang akan didapat menurun. Penelitian ini bertujuan untuk mengetahui pengaruh rasio FDR, NPF, BOPO terhadap profitabilitas Bank Umum Syariah di Indonesia. Jenis penelitian ini adalah deskriptif kuantitatif dengan metode analisis regresi data panel dan uji hipotesis menggunakan (uji F, uji t, R^2), serta pengolahan datanya menggunakan aplikasi *Eviews*9. Hasil pengujian diperoleh secara bersama-sama variabel FDR, NPF, BOPO berpengaruh secara signifikan terhadap ROA. Secara parsial, FDR berpengaruh negatif tidak signifikan terhadap ROA. Variabel NPF berpengaruh positif tidak signifikan terhadap ROA.Variabel BOPO berpengaruh negatif dan signifikan terhadap ROA.Uji R^2 sebesar 82,73% sedangkan sisanya sebesar 17,27% dipengaruhi oleh faktor-faktor lain di luar penelitian.

Kata Kunci: *FDR, NPF, BOPO, dan ROA*

INTRODUCTION

The establishment of an Islamic bank was based on the background of the desire of the Islamic community to avoid usury in their muamalah activities, to establish Islamic brotherhood between fellow Muslims and to gain inner and outer prosperity through muamalah activities in accordance with religious orders so that they get the blessing of Allah SWT. This concept is what makes Islamic banks have more value than conventional banks (Fasa, n.d.)

The increasingly fierce competition between Islamic banks and conventional banks requires Islamic banks to always improve their performance well in order to compete in the national banking market in Indonesia. Bank performance is crucial because the banking business is a business of trust, the bank must be able to show its credibility so that more people will transact at the bank, one of which is through increasing profitability(Mansur, 2015).

Profitability can be considered as one of the most appropriate indicators to measure a company's performance because the company's ability to generate profits can be a measure of company performance. The higher the profitability, the better the company's financial performance(Kusumastuti & Alam, 2019).

Ratios commonly used to measure the performance of bank profitability are Return On Equity (ROE) and Return On Assets (ROA) (Mudrajat Kuncoro Suhardjono, n.d.). Both can be used in measuring the magnitude of financial performance in the banking industry. However, generally, Return On Equity (ROE) only measures the return obtained from the investment of the company owner(Siamat, 2007). While Return on Assets (ROA) is used to measure the effectiveness of the company in generating profits to utilize the total assets it has(Martono, 2004).

Bank Indonesia, as the supervisor and supervisor of the banking sector, prioritizes the value of a bank's profitability as measured by assets whose funds are mostly from public deposits. The higher the Return On Assets (ROA) of a bank, the higher the level of profit to be achieved by the bank and the better the bank's position in terms of asset use (Dendawijaya, 2009). Therefore, in this study, Return on Assets (ROA) is used as a measure of banking performance.

The financial ratios used in this study are the Financing to Deposit Ratio (FDR), Non-performing Financing (NPF), and Operational Income Operating Costs (BOPO). Several researchers have researched these ratios. From the results of previous studies,several variables affect profitability, but the results obtained are not consistent with differences.

Financing to Deposit Ratio (FDR), which is rigorous by (A'malina et al., 2014) and (Perdanasari, 2019), shows the results that FDR has a significant positive effect on profitability (ROA). While the results of research conducted by (Muliawati & Khoiruddin, 2015) and (Bawono & Falakh, 2018) show different results, namely, FDR has no significant negative effect on profitability. And the results of (Simatupang & Franzlay, 2016)namely FDR has a negative and significant effect on profitability. Then the results of the study(Mansur, 2015) and (Ayu, 2018) also showed different results, namely FDR had no significant effect on profitability.

Non Performing Financing (NPF) studied by (Endang Fitriyana, 2016) and (Rahmi & Sari, 2019) shows that NPF has a significant negative effect on profitability. While the results carried out by (A'malina et al., 2014) and (Nasution et al., 2019)result that NPF has insignificant negative effect. Research results from (Muliawati & Khoiruddin, 2015) and (Azizah & Astuti, 2019)shows that the NPF ratio is not significantly positive effect on ROA. Furthermore, research results from (Ayu Kinanti & Purwohandoko, 2017) show the results that NPF has a positive and significant effect on ROA. Then the results of the study (Mansur, 2015) and (Ayu, 2018) also showed different results namely NPF had no effect on profitability.

Operational Costs Operating Income (BOPO) examined by (Muliawati & Khoiruddin, 2015) (Suartini et al., 2016) (Ayu, 2018) and (Perdanasari, 2019) shows the results that the BOPO has a significant negative effect on profitability. In comparison, the results of the study (Mansur, 2015) shows that BOPO only has a significant effect on profitability. Then the results of the study (Medyawati & Yunanto, 2018) also showed different results, namely, BOPO had a positive and significant effect on profitability.

Empirical data from Net Profit, ROA, FDR, NPF, BOPO in this study can be seen in the following table:

Table 1
Net Profit (Billion Rupiahs), ROA, FDR, NPF, BOPO from Sharia Commercial Banks

	Year				
	2013	**2014**	**2015**	**2016**	**2017**
Net profit	3,230	702	635	952	967
ROA	2.00%	0.41%	0.49%	0.63%	0.63%
FDR	100.32%	86.66%	88.03%	85.99%	79.65%
NPF	2.62%	4.95%	4.84%	4.42%	4.77%
BOPO	78.21%	96.97%	97.01%	96.23%	94.91%

Source: OJK Sharia Banking Statistics

Based on the data above, it can be seen that the financial ratios from 2013-2017 experienced fluctuating changes, and there is a deviation of theory that shows the relationship between the ratio of FDR, NPF, BOPO, and ROA.

It can be seen that ROA has decreased due to decreased net profit. Net income decreased due to massive problem financing so that the loss/cost to be incurred was high. This makes Islamic banks must reduce the distribution of funds so that it will reduce the income that makes ROA decline. If ROA decreases, this will undoubtedly make the performance of Islamic banks also decline. When performance decreases, it will reduce the motivation of the community and companies to invest capital in Islamic banks.

Furthermore, when viewed from the FDR variable with the ROA variable, both of these variables indicate that there has been a gap with the theory that the higher the FDR, the higher the funds channeled by the channeling of funds, the ROA bank income will increase(Suryani, n.d.). Moreover, in sharia enterprise theory, the distribution of wealth or added value in the form of zakat is increasing. This is in line with 2014-2015, an increase in the percentage of FDR followed by an increase in the ROA percentage. However, deviations were seen in 2015 to 2016, where FDR decreased by 2.04 percent, while ROA increased by 0.14 percent. Deviations occurred again in 2016-2017 when the percentage of FDR decreased, but the ROA percentage remained.

Deviations also occur in the NPF variable, in theory, saying that the higher the ratio shows that the bank is not professional in managing its financing so that it can reduce revenue, and ultimately ROA will also decrease(Lemiyana & Litriani, 2016). This is according to the signaling theory, a decrease in ROA can make investors give a negative signal to Islamic banking companies. The deviation occurred in 2016-2017. The percentage of NPF experienced an increase. However, precisely the percentage of ROA remains the same.

Another deviation occurred between the BOPO variable and the ROA variable. The theory states that an increase in operational costs will result in reduced profits and ultimately will reduce the level of profitability (ROA) (Suwarno & Muthohar, 2017). The signaling theory can also make investors give a negative signal to Islamic banking companies. However, in 2014-2015 the BOPO variable increased by 0.04 percent. ROA rose by 0.08 percent.

With the research gap from the results of the above studies. Likewise, with the gap data from the empirical data obtained, the results are not following existing theories, it is necessary to do further research. So the purpose of this study is to examine the Effect of Financing to Deposit Ratio (FDR), Non-performing Financing (NPF), Operational Cost of Operating Income (BOPO) Against the Profitability of Sharia Commercial Banks in Indonesia. Benefits of this researchfor research objects, namely Sharia Commercial Banks, can be used as input and evaluation of the performance of the studied banks, particularly those relating to ROA and financial ratios of FDR, NPF, and BOPO. For academics, this research is expected to present information as a reference and to add insight into thinking in terms of scientific development. For future researchers, this research can be used as a reference if it raises the same title and as a basis for expanding the variables.

LITERATURE REVIEW

Theory Signaling

Signal or signal is an action taken by the company to give instructions to investors about how management views the company's prospects. This signal is in the form of information about what management has done to realize the owner's wishes. Information issued in the form of providing financial statement information to external parties(Houaton, 2011).

In the framework of signal theory, it is stated that the impetus of the company providing the information is because there is information asymmetry between company managers and outsiders. This is because company managers know more information about the company and prospects to come than outsiders. Lack of information for outsiders about the company causes them to protect themselves by providing a low price for the company. Companies can increase the value of the company by reducing information asymmetry. One way to reduce information asymmetry is to provide financial information signals to outside parties(Wolk, 2001).

Sharia Enterprise Theory

Sharia Enterprise Theory is a theory that uses the metaphor of zakat or which operates on zakat. In the view of sharia enterprise theory, the distribution of wealth or added value does not only apply to participants who are directly related or who contribute to the company's operations, such as shareholders, creditors, employees, and the government. However, other parties that are not directly related to the business carried out by the company or those who do not contribute financially or skillfully. This means that the scope of accounting in sharia enterprise theory is not limited to those directly involved in the process of creating added value, but also other parties that are not directly related(Triwuyono, 2012).

This understanding certainly brings essential changes in the view of enterprise theory, which lays down its premise to distribute wealth based on the contributions of the participants, that is, those who contribute financially or skillfully. Therefore, in sharia enterprise theory will bring benefit to the stockholders, stakeholders, the community, and the environment without leaving the critical obligation to perform zakat as a manifestation of worship to Allah SWT (Triwuyono, 2012).

***Financing to Deposit Ratio* (FDR)**

Financing to Deposit Ratio (FDR) is a ratio that measures the extent to which deposits from third parties are used for financing. The assumption is that the higher the FDR ratio means, the greater the distribution of third party funds channeled to customers. Conversely, the lower FDR shows the lack of effectiveness of banks in financing. Therefore, the management must be able to manage the funds collected from the community to be channeled back in the form of financing which can later increase the income of Islamic banks, both in the form of bonuses and profit-sharing, which means the profit of Islamic banks will also increase (Pamungkas, 2014).

The higher the FDR within a certain threshold, the higher the profit of Islamic banks, assuming the bank is channeling funds for sufficient financing (Mokoagow, 2015). So the direction of the relationship between FDR and ROA is positive.

The relationship with sharia enterprise theory is that if FDR increases, the profits will also increase so that profitability, as measured by ROA, also increases. In this theory, the implication is that the distribution of profits is not only to the parties concerned but also to those who are indirectly interested. So that sharia enterprise theory brings benefit value to the stockholders, stakeholders, and the community (which does not contribute financially or skills) and the natural environment without leaving the critical obligation to perform zakat as a manifestation of worship to Allah SWT.

This is supported by research results (A'malina et al., 2014) (Perdanasari, 2019), which in the results of his study stated that the FDR variable has a positive and significant effect on ROA. Then the hypothesis can be formulated as follows:

Ho_1: Financing to Deposit Ratio (FDR) has no definite and significant effect on profitability (ROA).
Ha_1: Financing to Deposit Ratio (FDR) has a positive and significant effect on profitability (ROA).

***Non Performing Financing* (NPF)**

Non Performing Financing (NPF) is the ratio used to measure risk to financing disbursed by comparing problem financing with the amount of financing disbursed. The higher the NPF, the smaller the profit earned. This is because the income received by banks will decrease, and the costs for provisioning to write off receivables will increase, resulting in decreased profits (Kasmir, 2011).

Financing risk is the risk due to customer failure in terms of fulfilling its obligations to the bank based on the agreed agreement. In this case, the borrower or customer cannot or does not fulfill the obligation to repay the funds lent in full at maturity or after. In other words, this risk arises because of uncertainty about repayment of loans by debtors. Therefore, the bank must be careful, careful, and thorough and assess the prospective debtor (Rabsya, 2017).

The higher the NPF ratio, the higher the problematic financing borne by the bank so that it will reduce the level of profitability (ROA) that will be obtained by the bank (Perdanasari, 2019).

The implication in signaling theory is that if the NPF ratio gets higher, it can reduce the profit level so that profitability, as measured by ROA, will decrease. The management will present information in the financial statements in the form of a negative signal caused by a decrease in profitability so that it will reduce the level of profit-sharing that will be obtained by the shareholders. Furthermore, the bank must also bear losses in its operational activities due to decreased profits.

This is supported by research results from (Endang Fitriyana, 2016) the research results state that the NPF variable has a negative and significant effect on profitability. Then the hypothesis can be formulated as follows:

Ho_2: NonPerfoming Financing (NPF) does not have a significant negative effect on profitability (ROA).
Ha_2: NonPerfoming Financing (NPF) has a negative and significant effect on profitability (ROA).

Operational Costs Operating Income

Operational Cost Operating Income (BOPO) is a ratio used to measure the level of efficiency and ability of banks to carry out operational activities in obtaining profits (Iqbal, 2011). Operating efficiency is measured by comparing total operating costs with total operating income. This ratio aims to measure the ability to operate income to cover operational costs. The increasing ratio reflects the lack of ability of banks to reduce operational costs and increase operating income, which can cause losses because banks are less efficient in managing their business (Dewi, 2010).

The higher the BOPO ratio of a bank, the bank's performance, and operations will decline because of the amount of burden to be paid compared to the income to be received, and in the end, it can reduce the level of profitability (ROA) (Rizal, n.d.).

In its implication with the signaling theory, if the costs incurred are more significant, then the bank will experience a problematic condition, so ROA decreases. Management will also provide information in the form of negative signals to outsiders in the financial statements.

This is supported by research results (Muliawati & Khoiruddin, 2015), (Ayu, 2018) and (Perdanasari, 2019)the research results state that the BOPO variable has a negative and significant effect on profitability. Then the hypothesis can be formulated as follows:

Ho_3: Operating Costs Operating Income (BOPO) does not have a significant negative effect on profitability (ROA).
Ha_3: Operating Costs Operating Income (BOPO) has a negative and significant effect on profitability (ROA).

Profitability

Profitability is the company's ability to benefit from its business. Profitability ratios measure the company's ability to generate profits by using company-owned resources, such as assets, capital, and company sales (Sudana, 2015).

One of the measurements of profitability ratio analysis can be done using the Return On Asset (ROA) ratio. Return On Assets (ROA) is used to measure the effectiveness of a company in generating profits to utilize the total assets it has (Martono, 2004). Return On Assets (ROA) is a ratio that shows the ratio between earnings (after tax) with total bank assets; this ratio shows the level of efficiency of asset management carried out by the bank concerned. ROA is an indicator of the ability of banks to obtain a return on several assets owned by banks. ROA can be obtained by calculating the ratio between profit after tax with total assets (Pandia, 2012).

Based on the literature review and previous studies above, regarding the relationship between independent variables and the dependent variable and the development of hypotheses, the theoretical framework can be described as follows:

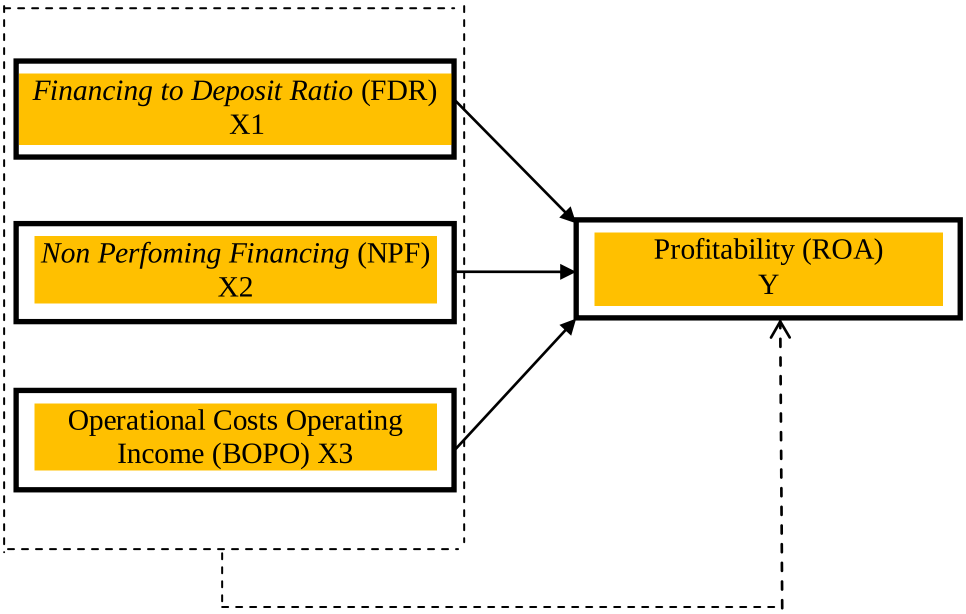

Figure 1. Theoretical Framework

Information : ———— = Partially
- - - - - - - = Simultaneously

METHOD

Population and Sample

The population in this study is a Sharia Commercial Bank located at Bank Indonesia, which publishes annual financial reports. The research period was five years from 2013-2017, with a population of 14 Sharia Commercial Banks in Indonesia.

The sampling technique used in this study was purposive sampling, which is a sampling method based on subjective considerations from researchers (Yusuf & Surjaatmadja, 2018). Where the conditions used as criteria include:

a. Sharia Commercial Bank that was registered at Bank Indonesia during the period 2013-2017.
b. Sharia Commercial Bank which has published annual financial statements for the period 2013-2017.
c. Sharia Commercial Bank which has complete data based on research variables.

From the sample criteria above, from a population of 14 Sharia Commercial Banks in Indonesia, a sample of 55 Financial Reports from 11 Sharia Commercial Banks was selected.

Definition of Operational Variables

Return on assets (ROA)

Return on assets(ROA) is used as an indicator to measure bank profitability because banks have assets in their operational implementation, so to measure ROA the following formula is used: (Martono & Rahmawati, 2020)

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

Financing to Deposit Ratio (FDR)

FDR is a ratio used to measure the liquidity of a bank paying withdrawals of funds by depositors. The higher the FDR, the higher the funds channeled to Third Party Funds (Diyani & Oktapriana, 2020). The FDR formula is as follows:

$$\text{FDR} = \frac{\text{Financing Provided}}{\text{Third - Party Funds}} \text{ x } 100\%$$

Non-Performing Financing (NPF)

The ratio is used to determine the financing problems that occur by banks based on the total financing channeled (Diyani & Oktapriana, 2020). The NPF formula is as follows:

$$\text{NPF} = \frac{\text{Number of Problem Funding}}{\text{Total Funding Disbursed}} \text{ x } 100\%$$

Operational Costs Operating Income (BOPO)

This ratio is a comparison between operating costs and operating income. The ratio of operating costs is used to measure the level of efficiency and the ability of banks to conduct operations (Nimah & Maguni, 2019). The BOPO formula is as follows:

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

Data analysis method

Analysis of the data in this study used the panel data regression analysis method. Panel data regression analysis is a regression that uses panel data, which is a combination of time series data and cross-section data (Sapitri, 2018) using Eviews 9.0 and Microsoft Excel 2010 as an aid in conducting data analysis. The basic equation of panel data regression is as follows: (Diyani & Oktapriana, 2020).

$$\boxed{\mathbf{Yit = (\beta0 + \beta1X1it + \beta2X2it + \beta3X3it + \beta4X4it) + Eit}}$$

The equation model that will be estimated in this study are:

$$\boxed{\mathbf{ROAit = (\beta0 + \beta1FDRit + \beta2NPFit + \beta3BOPOit) + Eit}}$$

Information:

ROA = Return On Assets
β0 = Constant
β2, β2, β3 = Independent Variable Coefficient
FDR = Financing to Deposit Ratio
NPF = Non Perfoming Financing
BOPO = Operational Costs Operating Income
e = Error coefficient
i = Number of Islamic commercial banks as many as 11 banks
t = Period of the research year is 2013 to 2017

RESULTS AND DISCUSSION

Table 2. Estimation Results of Panel Data Regression with Random Effect Model

Variable	Prediction	Coefficient	t-Statistics	Significant	Conclusion
A constant		15,0162	9,3677	0.0000	
Y ROA					
X1 FDR	Positive	-0,0247	-1,6750	0.1000	Rejected
NP2 X2	Negative	0.0606	.3813	0.7045	Rejected
X3 BOPO	Negative	-0,1296	-12,8391	0.0000	Received
R-squared		= 0.8273			
Sig (F-Statistics)		= 0.00			

Source: Output Eviews 9, secondary data processed, 2019

Based on the table above the panel data regression results obtained regression Y = (15.0162 - 0.0247 X1 + 0.0606 X2 - 0.1296 X3) + e. The equation shows a constant value of 15.0162, meaning that if the FDR, NPF, and BOPO values are zero, then the ROA value is 15.0162. FDR regression coefficient of -0.0247, which means that every 1% increase in FDR, the ROA decreases by 0.02% with the assumption that the other variables are fixed or constant.NPF regression coefficient of 0.0606, which means that every 1% decrease in NPF, the ROA increases by 0.06% with the assumption that the other variables are fixed or constant.BOPO regression coefficient of -0.1296, which means that every 1% increase in BOPO, the ROA decreases by 0.12% with the assumption that the other variables are fixed or constant.

The results of the hypothesis test the coefficient of R-squared determination of 0.8273. This means that FDR, NPF, BOPO are only able to explain the ROA of 82.73%; the remaining 17.27% is influenced by factors or other variables outside the study. Sig (F-statistic) value of 0.0000 <0.05 means that the value of F is much smaller than $\alpha = 0.05$, which means that FDR, NPF, BOPO together influence ROA at Islamic Commercial Banks in Indonesia. FDR variable t-test has a negative and not significant effect on ROA in Islamic Commercial Banks. With a t-statistic value of -1.66750 and a significant value of 0.1000. NPF has a positive and not significant effect on ROA in Islamic Commercial Banks. With a t-statistic value of 0.3813 and a significant value of 0.7045. BOPO has a negative and significant effect on ROA in Islamic Commercial Banks.

Effect of FDR on ROA in Islamic Commercial Banks

Based on the partially FDR test results have a negative and not significant effect on ROA. The theory states that the higher the FDR, the higher the financing disbursed compared to the total third party funds. Because the more significant this ratio indicates, the more significant the financing that will increase revenue to increase profitability as measured by ROA (Nugraheni et al., 2011). So the direction of the relationship between FDR and ROA is positive.

The results of this study have the opposite relationship with the theory. The results showed that the FDR was high but did not guarantee the high income earned by banks due to problematic financing, and the financing provided was not well managed. This causes the number of receivables that have not been received, thereby reducing the income from the results of financing that has been channeled which should have been received at maturity but with the existence of problematic financing so that the bank has not received it, this causes a negative relationship to ROA. The insignificant FDR results are caused by a large amount of financing disbursed by the Islamic Commercial Bank to the public but not offset by the substantial return on the financing,

The results of this study support the results of previous studies, namely research results (Muliawati & Khoiruddin, 2015) and (Bawono & Falakh, 2018), which in the research results states that the FDR variable has a negative and not significant effect on ROA. In the findings(Muliawati & Khoiruddin, 2015), the average value that is still in the BI-determined value standard is between 85% -110%; this shows that the bank can channel financing well, that is, it can adjust the amount of murabahah financing channeled against existing funds. Islamic banks tend to maintain the level of liquidity at a safe point. While the average is below 85%, this shows the function of banks in channeling financing has not been done well by all Islamic banks. Therefore in this study, FDR, which is a benchmark of liquidity ratio, does not have a real influence in measuring the profitability performance of Islamic banks. Then the findings from(Bawono & Falakh, 2018). The liquidity ratio in the research is actually quite good, which is above 80%. On the contrary, the results show that the distribution of funding is insufficient. Funding that should provide benefits is an additional cost. So the amount of financing will cause bank losses.

The results of this study do not support the results of previous studies, the results of research from (A'malina et al., 2014) and (Perdanasari, 2019) which in the results of his research stated that the FDR variable had a positive and significant effect on ROA.

In sharia enterprise theory, FDR has a negative influence on ROA. That is, financing provided to customers that are not necessarily accompanied by an increase in ROA allows the distribution of profit results from less by using the concept of zakat orientation to parties who are not directly interested (recipients of zakat, infaq, and shadaqah) are increasingly reduced. Due to the lack of revenue results due to the emergence of problematic financing, the value of

FDR that cannot provide benefits makes Sharia Commercial Banks as a sharia-based banking company, not yet bring benefits to people who are not directly interested (zakat recipients).

Effect of NPF on ROA in Islamic Commercial Banks

Based on the partially NPF test results have a positive and not significant effect on the ROA variable. The theory states that the greater the NPF, the greater the problematic financing bore by the bank; this will reduce bank profitability, and ultimately the level of profitability as measured by ROA will decrease (Ardana, 2018). So the direction of the relationship arising between NPF and ROA is negative.

The results of this study have the opposite relationship with the theory. The results showed that a large NPF did not provide a reduction in ROA, this is because Islamic Commercial Banks can still overcome the problematic financing by covering it from the cost of allowance for losses or allowance for write off of productive assets from the financing channeled. Where every financing provided by a bank, then the bank will form a reserve for loss of earning assets, because of the possibility of risk of losses arising as a result of unacceptable financing provided. From the allowance for possible losses on earning assets, it is apparent that FDR is also significant and the amount of funding provided by banks, then the large bank also reserves the losses so that the NPF or financing problems can be covered. The results of this study support previous research, namely research results (Muliawati & Khoiruddin, 2015) and (Azizah & Astuti, 2019), which in the results of his study showed that the NPF ratio had no significant positive effect on ROA. In the findings (Muliawati & Khoiruddin, 2015), the condition of a larger NPF in one period does not directly provide a decrease in profit in the same period. This is because the significant effect of NPF on ROA is related to determining the level of financing bottlenecks provided by a bank. This is because financing is the primary source of bank income. Then the findings from (Azizah & Astuti, 2019) the higher the risk of bank financing is not a benchmark for the increase or decrease in profit distribution management activities because the level of financing risk is still ideal.

The results of this study do not support the results of previous studies from (Endang Fitriyana, 2016) and (Rahmi & Sari, 2019) the research results state that the NPF variable has a negative and significant effect on profitability.

In signaling theory, because the NPF ratio is positive indicating that a high NPF does not directly provide a decrease in ROA, this gives a signal to investors that to invest in order to get profit-sharing, there is no need to be very worried if the NPF is high, because in a certain period the NPF high can be overcome by a Sharia Commercial Bank by closing it from loss reserves.

The Influence of BOPO on ROA in Islamic Commercial Banks

Based on the partially BOPO, test results have a negative and significant effect on the ROA variable. The results obtained are negative direction, so if there is an increase in Operational Income Operating Costs (BOPO), then ROA will decrease. Moreover, the hypothesis proposed is BOPO has a negative and significant effect on ROA, it can be concluded that Ha3 is accepted.

The results of this study are consistent with the underlying theory that the higher the value of BOPO, the lower the level of profitability of Islamic banks. The higher the BOPO value means the higher operational costs compared to operating income. The higher the operational costs, the lower the profitability of Islamic Commercial Banks. The high operational costs that are borne by the bank will usually be charged to income, thereby reducing the level of profitability at Islamic Commercial Banks (Wibowo & Syaichu, 2013). High operational costs are due to high reserve costs made by banks that are used to cover problematic financing and also for profit-sharing financing for investment fund owners. The cost of the reserve can go down if the bank manages to collect the funds that have been distributed so that income will increase.

The results of this study also support previous research, namely the results of the study (Muliawati & Khoiruddin, 2015), (Suartini et al., 2016), (Ayu, 2018) and (Perdanasari, 2019) the research results state that the BOPO variable has a negative and significant effect on profitability (ROA). This means that the higher the BOPO value means the higher operational costs compared to operating income. The higher the operational costs, the lower the profitability of Islamic banks. The high operational costs that are borne by the bank will usually be charged to income, thus reducing the profitability of the Islamic bank.

The results of this study support the signaling theory that if the BOPO value is high, the income to be received will decrease and ROA of Islamic banks will also decrease so that the Islamic Commercial Bank will provide information in the form of financial statements that have been carried out by management to outside parties. The financial statements will give a negative signal because of the high burden to be paid compared to the income to be received so that profitability will decrease and will reduce the level of profitability measured by ROA. This will also reduce the level of trust for investors and the public in making future investment decisions, whether to survive or sell their shares.

CONCLUSION

Based on the results of the study, it can be concluded that FDR has a negative and not significant effect on ROA. This means that the results of this study have a different relationship with existing theories, the results of the study show that FDR is high but does not guarantee the high income earned by banks due to problematic financing and the financing provided is not well managed. The insignificant FDR results are caused by a large amount of financing disbursed by Islamic Commercial Banks to the public but not offset by the significant return, so a large ROA does not necessarily accompany a relatively large FDR. NPF has a positive and not significant effect on ROA variables. This means that the results of this study have the opposite relationship to the existing theory. The results showed that NPF had a positive and not significant effect on ROA in Islamic Commercial Banks. A large NPF does not provide a reduction in ROA; this is because Sharia Commercial Banks can still overcome the problematic financing by covering it from the cost of allowance for losses or allowance for possible losses on earning assets from the financing channeled. BOPO has a negative and significant effect on ROA variables. The results of this study prove that the higher the BOPO ratio of a bank, the bank's performance and operations will decline because of the amount of burden to be paid compared to the income to be received and in the end it can reduce the level of profitability (ROA) at Islamic Commercial Banks.

The practical implications of the results of this study provide a very important contribution for policy makers in companies, especially Islamic Commercial Banks. From the research results, it can be seen that BOPO as the only variable that has an effect on ROA, it is expected that Islamic Commercial Banks will further reduce the operational costs incurred so that they can increase revenue. By way of collecting back problem financing so that the cost of reserves can decrease. For the FDR variable, it is expected that Islamic Commercial Banks can pay attention to the financing channeled so that the channeled financing results in an increase in profits so that the ROA can also increase. In addition to Islamic Commercial Banks, Indoesian Banks are also expected to always pay attention to the development of the BOPO ratio of Islamic Commercial Banks under their supervision so that the performance achieved by these banks can increase.

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