

The Influence of Non-Performing Loan (NPL) and Loan to Deposit Ratio (LDR) on ROA in Banking Companies Listed on the Indonesian Stock Exchange Period 2018-2022

Anjelika Bella Cantika^{1*}, Maxqulin², Merry Rusida S³

Universitas Prima Indonesia, Medan

Corresponding Author: Anjelika Bella Cantika anjelbella08@gmail.com

ARTICLE INFO ABSTRACT

Keywords: Non-Performing Loan (NPL), Loan To Deposit Ratio (LDR), ROA

Received : 10 May

Revised : 17 June

Accepted: 19 July

©2024 Cantika, Maxqulin, Rusida:
This is an open-access article distributed under the terms of the [Creative Commons Atribusi 4.0 Internasional](https://creativecommons.org/licenses/by/4.0/).



Examining and assessing the effects of The purpose the loan to deposit ratio (LDR) and return on assets (ROA) of financial institutions listed on the Indonesian Stock Market in relation to non-performing loans (NPL). The nature of this study methodology is quantitative. The study sample consists of ten banking organizations that are registered on the Indonesian Stock Exchange (Persero) Tbk and have financial reports covering a five-year period, from 2018 to 2022. This implies that there are a total of 50 samples (10 x 5). The study finds that for every additional person who raises the quantity of non-performing loans (NPL) (x1) while keeping the loan to deposit ratio (LDR) constant (x2), profitability will drop by an average of -1,268. This implies the existence of non-performing loans (NPL). little effect on the financial success of banking companies listed on the IDX; nonetheless, the profit margin will lose an average of 5,255 if the Loan To Deposit Ratio (LDR) (x2) rises by one while the Non-Performing Loans (NPL) (x1) stay the same. It is clear from this how much each predictor effects the response variables and how the Loan to Deposit Ratio (LDR) affects the profitability of banks listed on the BEI. This suggests that the criteria of Non-Performing Loan (NPL) and Loan to Deposit Ratio (LDR) have a big influence on the bank profitability displayed on the IDX. Liability to Deposit Ratio (LDR) and Non-Performing Loans (NPL) together have an influence of 0.308, or 30.8%, while additional factors not covered in this study account for the remaining 69.2%

INTRODUCTION

In this research the author took as an object a banking company, namely PT. Bank Rakyat Indonesia, Tbk (Persero), which is a banking sector that has gone public, apart from that, researchers are interested in bad credit in banking because according to Hutauruk (2019:43), there was an increasing problem of bad credit in banking at the beginning of 2019. This occurred because the OJK reported that the level of bad credit in banks in February 2019 was recorded at 0.80%, increasing to 1.03% in 2020 and increasing again in 2022 to 2.93%. With the amount of KUR credit disbursement always increasing and the number of KUR bad loans increasing every period, the company's profitability has decreased.

Return on Assets functions to measure how much a business may raise its net profit by utilizing all of its assets to generate future earnings (Wahyuningsih, 2019). Greater ROA indicates more profitability for the business, which will entice investors to put money into it. Due to the heightened interest in these shares, the company's stock price might eventually rise on the market. Banks need to continue making money in order to exist. specifically, the bank's capacity to meet its duties to all parties that make deposits or withdraw them at any time, so that the bank does not lose the trust of the public. Credit distribution that experiences problematic credit will affect ROA.

Table 1. Development of RoA PT. Bank Rakyat Indonesia for the 2018-2022 Period

Company	Year	ROA	
Bank Rakyat Indonesia	2018	5,58	
	2019	5,12	Down
	2020	4,83	Down
	2021	5,15	Go on
	2022	5,47	Go on

Source: www.idx.co.id.

The information given leads to the conclusion that the Bank Rakyat Indonesia firm throughout 2018-2022, the ROA value of this company experienced a decrease in 2018, ROA was 5.58%, ROA decreased in 2019 to 5.12% and in 2020, ROA decreased again to 4.83 % and in 2021 it will increase to 5.15% and in 2022 the ROA value will be 5.47%.

Bad loans will also have an impact on a bank's liquid asset holdings. When a debtor has bad credit, the money that the bank has provided to them, whether on a temporary or permanent basis, does not come back to the bank as a creditor. In addition, the appearance of issue loans will lead to a bank having less readily available liquid assets, which may have an impact on the bank's profitability.

Table 2. Bad Credit PT. Bank Rakyat Indonesia Period 2018-2022

Company	Year	Bad credit	
Bank Rakyat Indonesia	2018	0,21	
	2019	0,80	Go on
	2020	1,03	Go on
	2021	2,93	Go on
	2022	2,60	Down

Source: www.idx.co.id.

Table 2 shows that there was an increase in poor credit from PT. Bank Rakyat Indonesia, Tbk. from 0.21% in 2018 to 0.80% in 2019 and to 1.03% in 2020 then increased significantly in 2021 to 2.93% and decreased in 2022 to 2.60%.

Researchers chose the banking industry, given that the industry possesses traits that non-bank companies do not have, namely operationally banks have less fixed assets, a high ratio of assets to capital, and greater short-term debt. Additionally, banking exemplifies the financial industry and differs from other industries in terms of accounting records, functions, and regulations. and so on. There are several previous studies that form the basis of this research. According to Saputra, et al (2014), It demonstrates how non-performing loans, credit distribution, and third party funding all affect profitability at the same time. There are some good and substantial effects on profitability from third party funds, some positive and significant effects on profitability from credit distribution, and some negative and significant effects. of non-performing loans on profitability to some extent

Based on studies by Made and Putu (2015), it is evident that When it comes to profitability (ROA), capital adequacy (CAR) has no bearing, efficiency level (BOPO) has an adverse effect, credit risk (NPL) has an adverse effect, and profitability (LDR) has an advantageous influence.

Further investigation by Paramita et al. (2014) revealed that the profitability The p-value of $0.010 < \alpha (0.05)$ indicates that and credit risk characteristics had an impact on the profitability of banking enterprises that went public between 2010 and 2012. The study's findings demonstrate the strong correlation between credit risk and profitability as well as how each influences the other. is 62.4%, with notable contributions from 39% and 61.0% affected by factors unrelated to credit risk and profitability that require further research. Given the background information provided, the author is keen to learn more about the potential effects of solvency and profitability on the financial performance of PT Bank Rakyat Indonesia.

The study will validate current hypotheses about how bad credit affects return on assets. Thus, the author is eager to carry out studies using the term "The Influence of Non-Performing Loans (NPL) and Loan To Deposit Ratio (LDR) on

ROA in Banking Companies Listed on the Indonesian Stock Exchange for the 2018-2022 Period".

LITERATURE REVIEW

Law No. 10 of 1998 defines a bank as a commercial organization that raises the standard of life for a large number of people by collecting money from the general people in the form of savings and disbursing money to them via credit or other channels.

"The profitability ratio, which is also known as profitability, indicates how profitable a firm may be utilizing all of its available assets and capacities, such as cash, capital, personnel, branches, and sales operations. Sofyan Syafri Harahap (2014) states that one profitability metric used to assess a company's potential to produce a profit is return on assets, or ROA. One metric that's used to evaluate how well a business makes money off of its assets. A ratio called return on assets is used to evaluate how well corporate management can generate overall profits.

When comparing problem loans to overall credit, they are referred to as non-performing loans (Ismail, 2018: 32). LDR is a measure that evaluates the ability of a bank to pay back its debts to clients who obtain money via credits extended to debtors, according to Ismail (2018:42).

The relationship between theories or concepts that underpin research is known as the conceptual framework, and it serves as a guide for methodically compiling research.

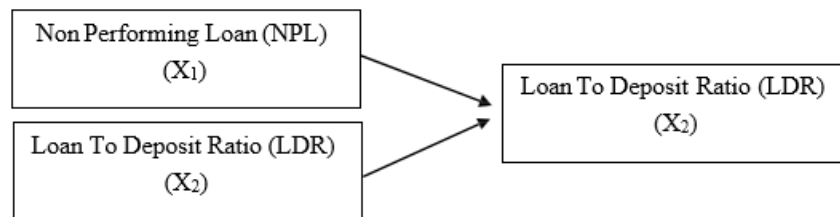


Figure 1. Conceptual Framework

METHODOLOGY

Place and Time of Research

The relevant information was gathered for this study, which focused on banking firms using the Indonesia Stock Exchange, which may be found on the webpage www.idx.co.id. The research was scheduled to run from January 2024 to March 2024.

Research Approach

A In this study, a quantitative research approach is employed.. Sugiyono (2017:13) defines quantitative research methods as those that are grounded in the positivist philosophy and are utilized to investigate particular groups or specimens. Research tools are employed for data collecting, sampling techniques are usually random, and The goal of quantitative or statistical data analysis is to validate the hypothesis that has been proposed.

Population and Sample

Banking companies that are The study's population consists of equities that are available for trading on the Indonesia Stock Exchange years 2018 through 2022. Sampling is defined by Handayani (2020) as the process of selecting multiple elements from the population under study to utilize as samples and understanding the various characteristics of the people being sampled in order to make generalizations from the population's elements. The sample was selected using the following criteria:

1. Financial institutions whose Return on Assets (ROA) falls short of the legally recommended best ROA norm. 1.5% is Bank Indonesia No. 6/9/PBI/2004.
2. Banks with the greatest percentage of non-performing loans between 2018 and 2022.

Table 3. List of Companies Used as Samples

No.	Banking Company Name	Criteria		Sample
		1	2	
1.	Bank Artha Graha Internasional	√	√	1
2.	Bank Central Asia, Tbk	√	x	
3.	Bank Danamon Indonesia, Tbk	√	√	2
4.	Bank Internasional Indonesia, Tbk	√	x	
5.	Bank Kesawan, Tbk	√	x	
6.	Bank Mayapada Internasional, Tbk	√	√	3
7.	Bank Mandiri, Tbk	√	√	4
8.	Bank Mega, Tbk	√	√	5
9.	Bank Negara Indonesia	√	√	6
10.	Bank Nusantara Parahyangan, Tbk	√	√	7
11.	Bank Pan Indonesia	√	√	8
12.	Bank Permata, Tbk	√	√	9
13.	Bank Rakyat Indonesia	√	√	10
14.	Bank Swadesi, Tbk	√	x	
15.	Bank Victoria Internasional, Tbk	√	x	

Source: BEI, 2024

The banking companies that meet the requirements and are used as The The samples utilized in this research are those that are listed on the Indonesian Stock Exchange (Persero) Tbk for the years 2018–2022. Financial reports for the five years (2018–2022) are available for ten companies, thus sampling $10 \times 5 = 50$ samples. These criteria are based on the sample selection criteria mentioned above.

- Classic Assumption Test

To determine whether the regression model actually demonstrates a significant and representative relationship, the traditional assumption test is employed. The traditional assumption test consists of three tests, namely:

Normality Test

The purpose of the normality test, according to Ghozali (2018: 145), is to determine if the independent variable, dependent variable, or both in the regression model have a normal distribution.

Data normality can be ascertained using the Kolmogorov-Smirnov normal test, in particular:

1. If $\text{sig} > 0.05$, the distribution is normal.
2. If $\text{sig} < 0.05$, the distribution is not normal.

Multicollinearity Test

According to Ghozali (2017:71), the multicollinearity test establishes if the independent variables in the regression model have a perfect or strong connection. To determine whether multicollinearity exists at all:

1. The variance inflation factor (VIF) value < 10 and the tolerance value > 0.10 show that there is no multicollinearity among the independent variables.
2. A tolerance value less than 0.10 and a variance inflation factor (VIF) value more than 10 indicate multicollinearity among the independent variables.

Heteroscedasticity Test

Heteroscedasticity, according to Ghozali (2017:47), indicates that the regression model contains many variable versions. To determine whether or not heteroscedasticity is present, take the following steps:

1. A Scatter Plot Graph

If a specific pattern exists in addition to the points that make a pattern, then heteroscedasticity has occurred.

If there is no pattern and the points are distributed both above and below the zero point on the Y axis, heteroscedasticity does not occur.

2. Glejser Test

The Glejser test can be used to evaluate the signs of heteroscedasticity by regressing the absolute value of the residual on the independent variable. This implies that heteroscedasticity does not exist in the regression model when the absolute value of the independent variable is less than 0.05. Conversely, if the value is smaller than 0.05, heteroscedasticity occurs.

3. Autocorrelation Test

The purpose of the autocorrelation test is to ascertain whether confounding errors in the linear regression model's period $t-1$ (prior) are connected. The following criteria could be used to assess whether considerable autocorrelation is present:

- ✓ One can detect positive autocorrelation when the DW value is less than -2.
- ✓ When the DW value falls between -2 and +2, autocorrelation is absent.
- ✓ There is negative autocorrelation if the DW number is greater than +2.

Research Data Analysis Model

- Multiple Linear Regression Analysis

According to Sugiyono (2019: 66), multiple linear regression analysis is an analytical tool for assessing the influence value of two or more independent variables on the dependent variable. This is to ascertain whether one dependent variable and two or more independent variables have a functional connection

- Coefficient of Determination

Fundamentally, the coefficient of determination expresses how effectively the model explains changes in the dependent variable, according to Ghozali (2016: 95). The range of values for the coefficient of determination is 0 to 1. When nearly all of the data required to forecast changes in the dependent variable is produced by the independent variables, the value is near to unity.

- Simultaneous Hypothesis Testing (F Test)

Kurniawan and Yuniarto (2016:96-97) define a simultaneous test as an examination of every independent variable in a model simultaneously and as a whole. The following criteria are used in decision-making: If F_{count} is less than F_{table} at a significance threshold of $\alpha = 5\%$, then

H_0 is accepted. If F_{count} is greater than F_{table} at a significance threshold of $\alpha = 5\%$, H_1 is accepted.

- Partial Hypothesis Testing (t Test)

Partial tests are employed, according to Kurniawan and Yuniarto (2016:95), to ascertain the individual effects of every independent variable on the dependent variable. Let us assume a significance level of $\alpha = 5\%$. If $-t_{table} < t_{count} \leq t_{table}$, then H_0 is acceptable.

H_1 is admissible if $t_{count} < -t_{table}$ or $t_{count} > t_{table}$ (at a significance threshold of $\alpha = 5\%$).

RESULTS

Ten banking sector enterprises registered during the research period make up the population of this study, according to data gathered banking companies that meet the requirements and are used as The study's samples are those that are listed (Persero) Tbk for the 2018–2022 period on the Indonesian Stock Exchange. Financial reports are provided for the five enterprises from ten of them years (2018–2022), thus there are 50 examples total (10 x 5). from the IDX through www.idx.co.id, its website. Re-selection of this population was carried out using pre-established sample criteria. These criteria are based on the sample selection criteria mentioned above.

1. Descriptive Statistics

This study data's features include a profile of Bank Rakyat Indonesia was listed for five (five) years, from 2018 to 2022, on the Indonesia Stock Exchange. The organization's characteristics, including its loan-to-deposit ratio (LDR), profitability (ROA), and non-performing loans (NPL), can be explained by the research's conclusions. Table 4.2 displays the attributes of each variable.

Table 4. Research Characteristic Data Variables Typical Statistics

Descriptive Statistics			
	Mean	Std. Deviation	N
ROA	13.8200	16.89667	50
<i>Non Performing Loan (NPL)</i>	8.2800	2.46643	50
<i>Loan To Deposit Ratio (LDR)</i>	3.1800	1.10083	50

Source: Primary Data Processed, 2024

Profitability (ROA), the The Loan to Deposit Ratio (LDR) and Non-Performing Loans (NPL) represent two examples of descriptive data for research variables. An explanation of this data is provided below:

- 1) With 50 total data points, the Non-Performing Loan (NPL) variable has an average value of 8.2800, which is higher than the 2.46643 variance. This suggests that the data on the Non-Performing Loan (NPL) variable have almost identical value properties.
- 2) Details The average value of the Loan to Deposit Ratio (LDR) variable is 50, exceeding the 1.10083 deviation of 3.1800. This suggests that the Loan to Deposit Ratio (LDR) variable's typical values are almost constant throughout the data.
- 3) The profitability variable has 50 total data points, with an average value of 13.8200, which is lower than the with a 16.89667 deviation. This suggests that the profitability variable data contains almost identical characteristic values.

Table 5. Characteristic Data Variables in Research Characteristic Statistics

Descriptive Statistics			
	Mean	Std. Deviation	N
ROA	3.0470	6.04728	50
<i>Non Performing Loan (NPL)</i>	8.2800	2.46643	50
<i>Loan To Deposit Ratio (LDR)</i>	3.1800	1.10083	50

Source: Primary Data Processed, 2024

Profitability (ROA), the Non-Performing Loans (NPL) and the Loan to Deposit Ratio (LDR) are two instances of descriptive data for research variables. Below is an explanation of these data:

- 1) Using a total of 50 data points, the Non-Performing The loan (NPL) variable has an average value of 8.2800, which is higher than the variance of 2.46643. This suggests that the data on the Non-Performing Loan (NPL) variable have almost identical value properties.
- 2) With 50 data points, the average value of the Loan to Deposit Ratio (LDR) variable is 3.1800, which is still greater than the 1.10083 deviation. This suggests that the Loan to Deposit Ratio (LDR) variable's typical values are almost constant throughout the data.
- 3) There are 50 data points in the ROA variable, with an average value of 3.0470, a value less than the 6.04728 deviation. This indicates that nearly the same characteristic values are present in the profitability variable data.

Classical Assumption Testing

The normality, autocorrelation, multicollinearity, and heteroscedasticity tests are among the traditional assumption tests used in this study. Here is an explanation of the test:

- Normality Test

By examining the regression test findings, one can utilize the one-sample non-parametric the normality of the study data using the Kolmogorov-Smirnov test. To ascertain whether the residuals may be distributed independently and normally, the Kolmogorov-Smirnov one-sample non-parametric test is utilized to test for normality. This suggests that the error, or difference between the actual and expected numbers, will have a symmetric distribution around a zero mean. The residuals normalcy test was carried out using the Kolmogorov Smirnov Model. The normality test results are shown in Table 6.

Table 6. Results of the Normaly Test

	<i>Unstandardized Residual</i>
N	60
<i>Kolmogorov-Smirnov Z</i>	1.217
<i>Asymp.Sig.(2-tailed)</i>	0, 364

Table 6 demonstrates that the value of Asymp.Sig (2-tailed) is 0.364. Given that Asymp. Sig (p-value) 0.364 is higher than α (0.05), a normal distribution of the model's residuals can be inferred.

- Multicollinearity Test

Finding out whether any independent variables in one model are comparable to other independent variables is the aim of this test. Good regression models are those that do not exhibit multicollinearity. The multicollinearity of the independent variables in this regression model is demonstrated by the tolerance and VIF (Variance Inflation Factor) values. When the tolerance value is higher than and the VIF number is less than ten, ten percent, multicollinearity does not occur. Table 6 displays the multicollinearity test findings.

Table 7. Results of the Multicollinearity Test

Variabele	Tolerance	VIF
<i>Non Performing Loan</i> (NPL)	0.800	1.250
<i>Loan To Deposit Ratio</i> (LDR) Independen	0.800	1.250

Table 7. demonstrates that all independent variables have a VIF value of less than ten and that those variables' tolerance value is not less than ten percent (0.1). As a result, one could argue that the independent variables in this regression model do not show multicollinearity in the study data.

- Heteroscedasticity Test

This Finding out whether the residuals of two different sets of data The objective of the heteroscedasticity test is to have unequal variance in the regression model. Heteroscedasticity-free regression models are regarded as the best available. To ascertain whether heteroscedasticity is present or absent in this study, apply the Glejser Test, which entails regressing the independent variable on the absolute residual. When there is a significant correlation between the independent and dependent variables, heteroscedasticity arises. The heteroscedasticity is illustrated by the test results in Table 8.

Table 8. Results of the Heteroscedasticity Test

Model		Coefficients ^a				t	Sig.
		Unstandardized Coefficients		Standardized Coefficients			
		B	Std. Error	Beta	alpha		
1	(Constant)	7.610	8.977			.848	.401
	<i>Non Performing Loan</i> (NPL)	-1.268	1.063	-.185		-1.193	.239
	<i>Loan To Deposit Ratio</i> (LDR)	5.255	2.381	.342		2.207	.032

Table 8 shows that all of the independent variables' tolerance values are greater than or equal to 10, and their VIF values are less than or equal to 0.1. Therefore, one may claim that the independent variables in this regression model do not show multicollinearity in the study data.

- Heteroscedasticity Test

When comparing the variance of the residuals from two observations in the regression model, the heteroscedasticity test looks for discrepancies. Regression models that are heteroscedasticity-free are thought to be the finest ones available. The Glejser Test, which involves regressing the independent variable, can be used to determine whether heteroscedasticity is present in this study or not. Regressing the independent variable on the absolute residual enables the Glejser Test to identify heteroscedasticity. Heteroscedasticity occurs when there is a substantial correlation between the independent and dependent variables. Table 8 displays the heteroscedasticity test findings.

Table 9. Results of the Heteroscedasticity Test

	Unstandard ed Residual
Test Value ^a	2.90330
Cases < Test Value	70
Cases >= Test Value	70
Total Cases	140
Number of Runs	81
Z	1.696
Asymp. Sig. (2- tailed)	.090

The asymptotic significance (2-tailed) value is 0.090, as Table 4.6 demonstrates. As the p-value exceeds α (0.05), the model's autocorrelation is absent residuals.

- Multiple Regression Analysis Research Results

Multiple regression analysis techniques are used in the data analysis for this investigation. The direction and size of the simultaneous and partial influence of the Loan To Deposit Ratio (LDR) and Non-Performing Loans (NPL) on the profitability of financial institutions listed on the IDX are ascertained and displayed through the application of multiple regression analysis.

The Non-Performing Loan (NPL) (x1) and Loan to Deposit Ratio (LDR) (x2) are the independent variables in the study, and the profitability (Y) analytical model is the dependent variable. This analysis makes use of SPSS Statistics 21.0.

Table 10. Multiple Linear Regression Analysis Outcomes

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	7.610	8.977		.848	.401
	<i>Non Performing Loan</i> (NPL)	-1.268	1.063	-.185	-1.193	.239
	<i>Loan To Deposit Ratio</i> (LDR)	5.255	2.381	.342	2.207	.032

The following regression equation can be made using the analysis results displayed in Table 4.7:

$$\hat{Y} = 7.610 - 1.268x_1 + 5.255x_2 + e$$

The relationship between Non-Performing Loans and the Loan to Deposit Ratio (LDR) (x2) The loans (NPL) (x1) on the option (y) can be stated as follows using the answers to this equation:

- 1) If the Loan To Deposit Ratio (LDR) (x2), the Non-Performing Loan (NPL) (x1), or, if it is institutional (x1), the Loan To Deposit Ratio (LDR) (x2), are equal to zero units. Whatever happens, the listed banking companies on the IDX maintain their 7,610 profitability.
- 2) Profitability will drop by an average of -1,268 if one person raises the amount of non-performing loans (NPL) (x1) while the loan to deposit ratio (LDR) (x2) stays same. This suggests that the reported financial results of the banks on their non-performing loans, or NPLs, have no bearing on IDX.
- 3) Profitability will suffer if the Loan to Deposit Ratio (LDR) (x2) rises by one but the Non-Performing Loan (NPL) (x1) stays unchanged. affected by 5,255 on average. This implies that the profitability of the banking sector Institutions listed on the IDX are impacted by the Loan to Deposit Ratio (LDR).

Table 11. Implies that the Loan to Deposit Ratio (LDR) and Non-Performing Loans (NPL)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.308 ^a	.095	.056	16.41407

The degree to which each predictor influences the response variable is also evident in Table 11. This implies that the Loan to Deposit Ratio (LDR) and Non-Performing Loans (NPL) have a major influence on the characteristics of the profitability of banks listed on the IDX. The combined effect of the loan to deposit ratio (LDR) and non-performing loans (NPL) is 0.308, or 30.8%; other factors not included in this research account for the remaining 69.2%.

1. An Analysis of the Profitability Effects of Partial Non-Performing Loans (NPL) and the Loan to Deposit Ratio (LDR)

To determine the proportionate contribution Every independent variable (X) was compared to each dependent variable using the t-test. (Y). Verify whether every independent variable has The goal of this test is to change the dependent variable in a meaningful way. The first hypothesis, which states that non-performing loans (NPL) have a significant impact on the profitability of banking companies listed on the IDX, and the second, which states that the loan-to-deposit ratio (LDR) has a partial impact on the profitability of banking companies listed on the IDX, will either be true or false, depending on how much each of these variables influences the other. To demonstrate how each of these components has an impact, the ttable value By comparing each independent variable using tcount or by examining the size of the By determining the beta coefficient value of each independent variable, one can determine the partial impact of that variable on profitability.

The goal of this test is to change the dependent variable in a meaningful way. The first hypothesis, which states that non-performing loans (NPL) have a significant impact on the profitability of banking companies listed on the IDX, and the second, which states that the loan-to-deposit ratio (LDR) has a partial impact on the profitability of banking companies listed on the IDX, will either be true or false, depending on how much each of these variables influences the other. To demonstrate how each of these components has an impact, the ttable value By comparing each independent variable with tcount or calculating the beta coefficient's value The proportionate impact can be determined depending on the value of each independent variable on profitability.

Profitability will decrease by an average of -1,268 if the Loan to Deposit Ratio (LDR) (x2) stays unchanged but the Non-Performing Loan (NPL) (x1) rises by one. This demonstrates that the profitability of banks listed on the IDX is unaffected by non-performing loans (NPLs).

If the Loan to Deposit Ratio (LDR) (x2) increases by one and the Non-Performing Loan (NPL) (x1) remains unchanged, profitability will decrease by an average of 5,255. This suggests that the Loan to Deposit Ratio (LDR) has an effect on the profitability of banking institutions listed on the IDX.

Table 11 also makes clear how much each predictor affects the response variable. This demonstrates that the profitability of the Loan to Deposit Ratio (LDR) and Non-Performing Loan (NPL) components has a noteworthy effect on banks that are listed on the IDX. The influence of each predictor on the respondent's variable is 69.2%; additional factors not included in this analysis account for the remaining 0.308, or 30.8%, effect of non-performing loans (NPL) and the loan-to-deposit ratio (LDR).

2. This implies that the variables of Loan to Deposit Ratio (LDR) and Non-Performing Loan (NPL) have a major influence on the profitability of financial institutions listed on the IDX. The relationship between Non-Performing Loans (NPL) and Liability to Deposit Ratio (LDR) is 0.308 or 30.8%; other factors not included in this study account for the remaining 69.2%.

DISCUSSION

The effects of commitment to one's career The effect Based on the findings of the computations, the impact of the Loan to Deposit Ratio (LDR) on the profitability of banking businesses listed on the IDX can be summarized as follows:

1. The Impact of Non-Performing Loans (NPL) on the Profitability of Banking Companies Listed on the IDX If one individual increases the Non-Performing Loans (NPL) (x1) while the Loan to Deposit Ratio (LDR) (x2) remains constant, profitability will decrease by an average of -1,268. This proves that non-performing loans (NPLs) have no impact on the profitability of banks listed on the IDX.
2. How the Loan to Deposit Ratio (LDR) Affects Banking Companies Listed on the BEI's Profitability

If the Non-Performing Loan (NPL) (x1) does not adjust at this time, the Loan Profitability will drop by a rise in the Deposit Ratio (LDR) of 5,255 units on average (x2). This suggests that the ratio of loans to deposits (LDR).

These findings also align with previous studies by Wang (2014) and Hidayat et al. (2014). Sometimes, the Loan to Deposit Ratio (LDR) is merely stated as a formality to adhere to existing requirements. Performance progresses badly when supervisors fail to oversee correctly due to their ignorance of the LDR. In addition, a consequence of the Loan to Deposit Ratio (LDR) is the diminished autonomy of the Supervisory Function.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

1. Profitability will drop by an average of -1,268 if one person increases the amount of non-performing loans (NPL) (x1) while the loan to deposit ratio (LDR) (x2) stays same. This demonstrates that the profitability of banks listed on the IDX is unaffected by non-performing loans (NPLs).
2. Profitability will drop by an average of 5,255 if the Loan to Deposit Ratio (LDR) (x2) rises by one employee while the Non-Performing Loan (NPL) (x1) stays the same. This implies that the profitability of banking institutions listed on the IDX is impacted by the Loan to Deposit Ratio (LDR).
3. Table 11 also displays the extent to which each predictor affects the responder variable. This implies that the IDX has a major influence on the Loan to Deposit Ratio (LDR) and Non-Performing Loan (NPL) components, which in turn affect the banks' financial performance. Together, the loan-to-deposit ratio (LDR) and non-performing loans (NPL) have an impact of 0.308, or 30.8%; other factors not taken into consideration in this study account for the remaining 69.2%. IDX is significantly impacted by the Non-

Performing Loan (NPL) and Loan to Deposit Ratio (LDR) variables. Together, the loan-to-deposit ratio (LDR) and non-performing loans (NPL) have an impact of 0.308, or 30.8%; other factors not taken into consideration in this analysis account for the remaining 69.2% investigation.

Reccomednations

1. Financial performance criteria like the Liquidity Ratio (LDR), Non-Performing Credit Ratio (NPL), etc. are predicted to remain important to businesses. In order to prevent losses and keep the NPL level below 5%, the company must be able to maintain a proportion between the bank's cash inflow and the quantity of credit it extends. Since the Liquidity Ratio (LDR) and Non-Performing Credit Ratio (NPL) in this research only have a minor impact on Profitability (ROA), it is best to include additional factors that are related to ROA when conducting research. This will increase the accuracy of the findings.
2. It would be preferable if upcoming researchers increased the quantity of banking company samples compared to other research objects and lengthen the study term. in order to raise the caliber of study findings.

REFERENCES

- Agus Sartono. 2015. *Menejemen Keuangan Teori dan Aplikasi*. Edisi 4. BPFE Yogyakarta. Bambang, Riyanto, (2013). *Dasar-Dasar Pembelanjaan Perusahaan*. Edisi 4. Yogyakarta: BPEE.
- Christine (2014). *Analisis Rasio Likuiditas Pada Perusahaan Perbankan Yang Terdaftar Di Bursa Efek Indonesia Periode 2018-2022 Tbk*, Medan. Universitas Dharmawangsa.
- D., Prastowo Dwi dan Rifka Juliaty. 2018. *Analisis Laporan Keuangan: Konsep dan Aplikasi (Edisi Kedua)*. Yogyakarta: UPP STIM YKPN.
- Danil Yowanda (2014). *Analisis Hubungan Rasio Likuiditas dan Leverage Terhadap Profitabilitas Pada PT. Karunia Kencana Permai Sejati*. Universitas Dharmawangsa.
- Deden Edwar Yokeu dan Meta Silfia Chaniago, *Pengaruh Risiko Kredit Terhadap Likuiditas Melalui Perputaran Piutang Pada Koperasi Harapan Jaya*, *Jurnal Ecodemica*, (Universitas BSI), 2017
- Fiera Amalia Stiafani (2015). *Peranan Analisis Laporan Keuangan Sebagai Bahan Pertimbangan dalam Efektivitas Pengambilan Keputusan Pemberian Modal Kerja pada PT. Bank Sumut Syariah*. Universitas Dharmawangsa.
- Fikri Fadhila Sutanta, *Pengaruh Profitabilitas, Kecukupan Modal dan Kredit Macet Terhadap Likuiditas Perbankan yang Terdaftar di Bursa Efek Indonesia (BEI)*, *Jurnal*, (Fakultas Ekonomi, Universitas Islam Indonesia), 2017
- Harahap, Sofyan Syafri, (2018), *Analisis Kritis Atas Laporan Keuangan*, Jakarta: PT. Raja Grafindo Persada.
- Ikatan Akuntan Indonesia. 2015. *Pernyataan Standar Akuntansi Keuangan*
- Indah Ayu Lestari (2015). *Analisis Laporan keuangan Dengan pendekatan Rasio Likuiditas pada PT. Samudera Indonesia Tbk*. Universitas Dharmawangsa.

- Iswi Hariyani, *Restrukturisasi & Penghapusan Kredit Macet*, (Jakarta : PT. Elex Media Komputindo, 2015), hal 9-10
- Iswi Hariyani, *Restrukturisasi & Penghapusan Kredit Macet*, (Jakarta : PT. Elex Media Komputindo, 2015), hal 35
- Kasmir, (2015). *Analisis Laporan Keuangan*. Penerbit Rajawali Pers. Jakarta.
- Kasmir, *Bank & Lembaga Keuangan Lainnya*, (Jakarta : PT. Raja Grafindo Persada, 2015), hal 109
- Kasmir. 2015. *Analisis Laporan Keuangan*. Jakarta : PT Raja Grafindo Persada.
- Putu Indra Yudana, dkk., *Pengaruh Kredit Bermasalah dan Perputaran Kas Terhadap Likuiditas Pada Lembaga Perkreditan Desa Kecamatan Seririt*, e-Jurnal Bisma, (Jurusan Manajemen, Universitas Pendidikan Ganesha), 2015
- Raharjaputra, Hendra, S., 2018. *Manajemen Keuangan dan Akuntansi*. Jakarta: Salemba Empat
- Ramadanti, Fani dan Meiranto, Wahyu. *Analisis Pengaruh Risiko Likuiditas Terhadap Profitabilitas Perusahaan Perbankan di Indonesia*. (Jurnal, Akuntansi Universitas Diponegoro:2015). hlm. 1
- Subramanyam. K. R dan John J. Wild. 2014. *Analisis Laporan Keuangan*. Penerjemah Dewi Y. Jakarta: Salemba Empat.
- Taufiqoh Harahap (2015). *Analisis laporan Keuangan Untuk Menilai Kinerja Perusahaan Pada PT. (Persero) Pelabuhan Indonesia I Medan*. Universitas Dharmawangsa.
- Undang-Undang Dasar (UUD), 2022, Perbankan, Jakarta
- Veithzal Rivai dan Deddy Mulyadi. 2015. *Kepemimpinan dan Perilaku Organisasi Edisi Ketiga*. Jakarta : PT. Rajagrafindo Persada.
- Veithzal Rivai, dkk, *Islamic Financial Management*, 2020, hal 146