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THE EFFECT OF VARIABLE RISK PROFILE, EARNINGS, AND CAPITAL AGAINST GROWTH OF BANKING PROFIT REGISTERED AT INDONESIA STOCK EXCHANGE

Rusdianto, S.E., M.Sc
Graduated from Master Program of Accounting UGM
. rusdianto.raraa@gmail.com

Deri Putra Pratama
Yogyakarta State University
. pratamapp21@gmail.com

Abstract

This study aims to determine the effect of risk profile variables measured by the Non Performing Loan (NPL) and Loan to Deposit Ratio (LDR), Variable Earnings as measured by Return On Assets (ROA) and Cost Operational and Operating Income (BOPO) as well as the measured capital variables with Capital Adequacy Ratio (CAR) on profit growth.
This research is a causal associative research. Population in the study includes 23 banking companies listed on the Indonesia Stock Exchange 2011- 2013. Sampling technique used is purposive sampling and obtained sample as much as the company. Data used in this research is a secondary data that is financial statements that meet the criteria.Data derived from financial statements obtained from Bank Indonesia (BI) which may be accessed through www.bi.go.id and www.idx.co.id. Data analysis uses multiple linear regressions.
The result of the research shows that there are variables that influence to profit growth is NPL variable, ROA, and BOPO variable while variable LDR and CAR have no effect on profit growth. Ability variable independent in explaining the variation of the dependent variable equal to 58,5%, whereas the remaining 41.5% is explained by other independent variables outside the model research.
Keywords: profit growth, NPL, LDR, ROA, BOPO, and CAR

I. INTRODUCTION

Bank is an institution that acts as a financial intermediary between parties who have the funds (surplus units) with the parties that require funds (deficit units) through credit activities and various services provided, the bank serves the needs of financing as well as institutions which serve to smoothen the flow of payment traffic (Dendawijaya, 2009). Economic development brings the banking culture (banking-minded) increasingly inherent in the economic activities of the society. All economic activities require a banking role. Not

only for the needs of the transaction, also for investment needs. In addition, with the current global economy, transaction requirements are no longer limited to domestic transactions and transactions abroad. Thus, banks become drivers and drivers of the economy of a country, and then every bank needs to improve financial performance and corporate profits.

Assessment of company performance for management can be interpreted as an assessment of achievements that can be achieved. Profit growth can be used as a measure of the accomplishments achieved in an enterprise indicated in the company's financial statements. Performance appraisal is important, whether by management, shareholders, government, or other interested parties and related to the distribution of welfare among them, including banks. At a time when banking conditions may have a direct impact on the survival of Indonesian Banks, the greater the proportion of nonperforming loans and the lower bank liquidity that impact on bank conditions, the more difficult it is to continue its business activities. Bank Indonesia has no alternative to solve the problem other than by closing the bank business with various terms. With the closure of bank operations conducted by Bank Indonesia resulted in the number of banks operating became less.

In the worsening economic conditions in Indonesia also have a significant impact on the decline in the number of banks that operate, so it needs measures to save and nourish commercial banks so that banks that can still operate does not degrade its performance, especially financial performance, in this case, banking profit growth. Information on the company's performance position, corporate finance, corporate cash flow, and other financial related information can be obtained from the company's financial statements. To understand information about financial statements, analysis of financial statements is needed. The analysis of financial statements includes calculation and interpretation of financial ratios. To assess the performance of banking companies generally use some aspects of the assessment seen from the side of bank soundness made by Bank Indonesia.

Bank Indonesia shall issue a bank soundness rule written in Number 13/1/PBI/2011 article 2 paragraph (3) on the rating of bank health. Banks also require banks to conduct an individual bank soundness rating using a risk-based bank rating, with coverage on risk profile, good corporate governance (GCG), earnings (profitability), and capital (capital). The enactment of this Bank Indonesia regulation, Bank Indonesia regulation number 6/10/PBI/2004 concerning commercial bank rating system is revoked and declared no longer valid since January 2012 (Bank Indonesia Regulation Number 13/1/PBI/2011 article 19a). The purpose of the assessment is to know the real condition of the bank whether the bank is good health or unhealthy or unhealthy from its profit growth. If the condition is not healthy then, it is necessary immediately to be taken action. The bank's health rating is finally able to know the condition of bank performance. Bank soundness will affect customer loyalty.

Bank soundness can be seen from bank performance and RGEC analysis. Risk profile, which is the assessment of bank risk related to the quality of risk management implementation in the bank's operations on eight risks: credit risk, market risk, liquidity risk, operational risk, legal risk, strategic risk, compliance risk and reputation risk. Of the eight risk indicators in the banking company, if those risks are negative, they tend to be vulnerable to financial distress. Platt and Platt (2002) defines financial distress is a condition where the company's

finances are in an unhealthy state or a crisis. In this case, the researcher focuses only on two risks: credit risk as measured by Non Performing Loan (NPL) proxy and liquidity risk as measured by Loan to Deposit Ratio (LDR), Earnings is measured by Return on Asset (ROA) proportion and Operational Cost with Operational Income (BOPO), and Capital with Capital Adequacy Ratio (CAR) proxy.

This shows that financial ratios are useful in assessing the financial condition of banking companies, especially profit growth.Profit growth as a form of accountability to stakeholders. Accountability must also be accompanied by an attempt to gain public confidence in the funds that have been entrusted to the bank. This profit growth can be seen from how much (percentage) profit of the current year compared with the previous year's profit. In addition, the determination of the soundness of a bank Bank Indonesia is more concerned with ROA valuation than ROE because Bank Indonesia prioritizes the profitability of a bank as measured by assets whose funds are mostly derived from public savings funds so that ROA is more representative in measuring the level of bank profitability.

Bank in running its operations certainly can not be separated from various risks that are often called risk profile. The bank's business risk is the degree of uncertainty about an expected or expected outcome. Non Performing Loan (NPL) is a financial ratio associated with credit risk. Credit risk is the risk of a possible bank loss as a result of non-repayment of the credit provided by the bank to the debtor. Non Performing Loan is the ratio between total nonperforming loans and total loans given to debtors. Banks are said to have a high NPL if the number of problem loans is greater than a number of loans granted to the debtor. If a bank has a high NPL, It will increase the cost, both the cost of productive assets and other costs, in other words, the higher the NPL of a bank, then it will negatively affect profit growth.While Loan to Deposit Ratio (LDR) is a ratio that measures the ability of banks to meet the obligations that must be met. So the more High LDR, the bank's profit increases (assuming the bank is able to channel its credit effectively), with the increase of bank profit, the bank's performance also increases. Thus, large-small LDR ratio of a bank will affect the performance of the bank. Earnings/profitability is the ability of banks to increase profits, business efficiency and profitability achieved by banks. This earnings assessment is seen from the bank's ability to create profit (Kasmir, 2005). On earnings proxy used to measure the ability of bank management in obtaining profit (profit) as a whole is Return On Assets (ROA).

The greater the ROA of a bank, the greater the level of profit achieved by the bank and the better the bank's position in terms of asset use (Dendawijaya, 2000). In addition to measure by ROA, earnings can also be measured by BOPO. BOPO is used to measure the level of efficiency and ability of banks in conducting its operational activities (Dendawijaya, 2009). Capital is the aspect of capital in a banking company that is measured using Capital Adequacy Ratio (CAR) proxy. Capital Adequacy Ratio (CAR) is the financial ratios relating to banking capital where the capital of a bank will affect whether or not a bank can efficiently run its activities. If the capital owned by the bank can be used by the company efficiently, by itself the bank can earn a profit as expected. Every bank would expect the earnings of the current year to be greater than the previous year's profit. The Bank will use

capital derived from the community as well as loans to generate optimal profit. The greater the bank's capital means the greater the funds that can be used to profit. Thus, Capital Adequacy Ratio (CAR) has a positive effect on profit growth.
Hapsari (2005) states that the profit growth of a bank is influenced by capital factor (CAR), productive assets (NIM) and liquidity (LDR). Fathoni et al. (2012) also conducted a study of banks listed on IDX 2007-2010 period stating that profit growth is influenced by a capital factor (CAR) and credit factor (NPL). Based on the above explanation, this researcher intends to conduct research entitled "Influence of variable risk profile, earnings, and capital to profit growth in banking company which listed in Indonesia Stock Exchange".

II. LITERATURE REVIEW

1. Bank

a. The Meaning Of Bank

The bank is a financial institution whose business activities are collecting funds from the community and channeling the funds back to the community and providing other bank services (Kasmir, 2004). Another notion according to Kuncoro (2002), a bank of a financial institution whose main business is to raise funds and channel the funds back to the community in the form of credit and provide services. According to Bank Indonesia Regulation Number 7 of 1992 concerning banking as amended by Act Number 10 of 1998, "bank is a commercial bank conducting conventional business activities". The bank is also known as a place to borrow money (credit) for people who need it. The definition of banks generally can be explained and described also that the bank is a company engaged in the field of finance, meaning that banking activities are always related to financial problems. The main advantage of the banking business based on the conventional principle derived from the difference in interest on deposits granted to the deposit with the interest on the loan or credit disbursed. The advantage of interest difference in the bank is known as spread based. When a bank incurs a loss of interest difference, the deposit interest rate is greater than the loan interest rate, this term is known as a negative spread.

b. Type Of Bank

1. Bank type according to Bank Indonesia Regulation number 7 of 1992 concerning banking as amended by Act Number 10 of 1998, there are two types of banks:

- Commercial banks - The commercial bank is a bank conducting business in a conventional and or based on sharia principles which in its activities provide services in the payment traffic.
- Rural Bank (BPR) - BPR is a bank conducting business in a conventional or sharia-based manner in which its activities do not provide services in the payment traffic.

2. Type of Bank by Ownership

- Government-Owned Banks - The government-owned bank is a bank whose deed of establishment and capital owned by the government so that all the profits of this bank are owned by the government.
- National Private Owned Bank - A national private bank is a bank that is wholly or wholly owned by a national private sector and its deed of the establishment is established by the private sector, as well as its share of profits for private gain.
- Bank Owned Cooperatives - Ownership of shares owned by the cooperative bank is owned by a company incorporated as a cooperative.
- Foreign Owned Bank - A foreign-owned bank is a branch of an existing bank overseas, whether owned by a foreign private or a foreign government. Its ownership is owned by an overseas party.
- Mixed Banks - The ownership of the joint-owned bank shares is owned by foreign parties and national private parties. Its majority ownership is held by Indonesian citizens.

2. Bank Performance in Indonesia

The impact of global economic conditions resulting from a gradual reduction in Fed's stimulus and an increase in the BI rate have affected the performance of national banks during Q1/2014. The banking industry experienced a slowdown in growth marked by declining assets of commercial banks, fundraising and funding compared to the previous quarter -1.33%, -1.98% and -0.79%, respectively. Although the banking industry faces a tight liquidity condition, Liquidity Non-Core Deposit (AL/NCD) and Liquidity Instruments against Third Party Fund (AL/DPK) ratios are up 3% and 0.5% respectively. However, when viewed from the capital adequacy ratio (CAR), banking performance showed good performance, CAR was in the position of 19.8%. Furthermore, the gross non-performing loan (NPL) ratio is relatively low at an average of 1.9%. Banking reserves are also sufficient, so NPL net remains at a low level of 0.9%. Meanwhile, banking assets in 2014 are expected to grow by 16.3% to Rp5,554 trillion. In this case, a group of banks with assets above Rp50 trillion dominated total assets worth Rp 4,470 trillion or 80% of all banking assets. Growth, bank assets with assets of less than Rp 1 trillion grew the highest at 41.2%, while 17 for banks with assets of Rp10 - Rp50 trillion and the regional development bank group (BPD) were projected to grow at least 14,6% and 14.1% (Quarterly Financial Services Quarterly Quarterly Report - 2014).

3. Funding Source Bank

The opinion of Siamat (1993), bank funds are cash held by banks or current assets controlled by the bank and anytime can be cashed. Cash owned by banks is not only derived from the bank's own capital, but also comes from other parties entrusted or entrusted to the bank which will at any time be taken back, either simultaneously or gradually. According to Sinungan (1993), bank funds used as a tool for the operation of a bank derived from funds as follows:

a. First-party funds

First-party funds are funds from their own capital derived from shareholders, whether shareholders or shareholders participating in the bank's business at a later date, including public shareholders. In bank balance sheets, capital funds are listed in the capital and reserve accounts listed on the liability side.

b. Third party funds

Banks are in charge of providing services to the community and act as intermediaries for public finance. Therefore, banks should always be in the community. In order for the money flow from the society with excess funds can be accommodated and channeled back to the community. The public's belief in the existence of the bank and the public's belief that banks will solve financial problems as well as possible is a condition expected by all banks. For that bank always try to provide service (service) that satisfy society. Funds collected from the public turned out to be the largest source of funds most dependable by the bank.

4.Financial Performance

a. The Meaning Of Financial Performance

Financial performance is an analysis performed to see the extent of financial implementation is good and right (Fahmi, 2012). This financial performance is similar to a financial statement that meets the standards and conditions of IFRS (Financial Accounting Standards) or GAAP (General Accepted Accounting Principle).

b.Financial Statements

1. The meaning of financial statements

According to Sutrisno (2008), financial statements are the end result of the accounting process which includes two main reports namely balance sheet and income statement. Another opinion according to Myer, in Munawir (2004) is meant by the financial statements are two lists prepared by the accountant at the end of the period for a company. The second list is a list of balance sheets or financial position and income list or income statement. In recent times it has become customary for the company to add a third list of surplus lists or undistributed earnings list (retained earnings). Agnes Sawir's opinion (2005), financial statements are the end result of the accounting process. Any transaction that can be measured with monetary value, recorded and processed in such a way. The final report is presented in the value of money. Based on some of the above description, it can be concluded that the financial statements are a report that describes the company's financial position in a certain period in accordance with the principles of accounting that are carried out consistently and made and presented in the form of a balance sheet and income statement. The financial statements are prepared with a view to presenting the company's progress report periodically. Management needs to know the progress of the investment in the company and the results achieved during the time period observed. In general, the financial statements themselves from the balance sheet and profit and loss statement and capital change report, the balance sheet shows the amount of assets, debt and capital of a company on a certain date, while on the profit loss shows the results achieved by the

company and the costs incurred during a certain period . The financial report is an information that describes the condition of the company, then it will be an information that describes the performance of a company (Fahmi, 2012).

2. Financial statement objectives

According to Financial Accounting Standards (IAI, 1994) that the purpose of financial statements is to provide information pertaining to financial position, performance and position change finance of a company that benefits a large number of users in economic decision making. The purpose of financial statements is that the decision maker does not suffer losses or at least be able to avoid greater losses, all decisions must be based on complete, reliable, valid and important information (Harianto and Siswanto, 1998).

3. Parties with an Interest in the Financial Statement Company

Parties having the interest to know more deeply about the company's financial statements. Each party has its own interests and objectives on the financial statements issued by the company. There are several parties who have an interest in the financial statements of a company, namely: community, taxation, company employees, government, management bank, and owners/shareholders.

4. Profit Growth

Profit is the result of a company's operations in one accounting period. This profit information is very useful for owners and investors. Increased profit is good news for investors, while profit that decreases is bad news for investors (Wijayati et al. 2005). Belkaoui (1993) argues that profit is a basic and important post of financial summary that has various uses in the context division. Profits are generally viewed as a basis for taxation, determinants of dividend payout policies, investment guidelines, and decision making and predictive elements. Salvatore (2001) states that high profits are a sign that consumers want more industry output. Profits can provide an important signal for the relocation of community resources as a reflection of changes in consumer tastes and demand over time.

5. Risk Profile

The risk profile is an assessment of the risks attached to the bank's business activities, whether quantified or not, potentially affecting the bank's financial position. Assessment of the quality of risk management implementation is an assessment of risk management aspects, risk management framework, risk management process, adequacy of human resources, and adequacy of management information system and adequacy of risk control system with respect to bank business characteristics and complexity. Determining the level of the associated risk profile and the quality of composite risk management implementation is conducted based on a comprehensive and structured analysis of the relevant risk level and the quality of risk management implementation of each risk by taking into account the significance of each risk to the overall risk profile. Assessment of risk profile factors is an assessment of the related risks and the quality of risk management implementation in bank operations performed with 8 (eight) risks: credit risk, market risk, liquidity risk, operational

risk, legal risk, strategic risk, compliance risk, and Reputation risk. Researchers focus on taking credit risk and liquidity risk for further investigation, due to limited data access.

6. Earning

Earnings are often called the aspect of profitability is a measure of the ability of banks in increasing profits, each period or to measure the level of business efficiency and profitability achieved bank concerned. The profitability ratio is also called profitability ratio, the ratio used to measure the ability of banks to earn profit or profit. This ratio is the ratio of profit (after tax) to capital (core capital) or profit (before tax) with total assets owned by banks in the period certain. In order for the calculation of the ratio to be close to the real condition, the capital or asset position is calculated on average over the period (Riyadi, 2006).

a. Return on Asset (ROA)

This ratio is used to measure the ability of bank management in obtaining profit as a whole. The greater the ROA of a bank, the greater the level of bank profits and the better the bank's position in terms of asset use. This ratio is used to measure the ability of bank management in obtaining profit (profit before tax) resulting from the average total assets of the bank in question (Almilia and Herdiningtyas, 2005). The greater the value of this ratio indicates the level of profitability of the bank business is getting better or healthier (Mahrinasari, 2003). Altman (1986) states that the ratio of ROA has a significant effect on the bankruptcy of the bank.

b. Operational Income Operating Cost (BOPO)

This ratio is used to measure the level of efficiency and ability of the bank to perform its operations. The lower the ratio of BOPO means the better performance of the bank's management because it is more efficient in using the existing resources in the company. The Optional Cost Ratio to Operating Income (BOPO) is often called the efficiency ratio used to measure the bank's management capability in controlling operational costs against operating income. The smaller BOPO indicates the bank's efficiency in running its business activities. A healthy bank BOPO ratio of less than 1, otherwise the less healthy banks BOPO ratio of more than 1.

7. Capital

This ratio aims to measure the ability of banks in meeting their long-term obligations or the ability of banks to meet obligations in case of bank liquidity. These capital ratios include the capital adequacy ratio. Solvency analysis is used for (Sawir, 2003):

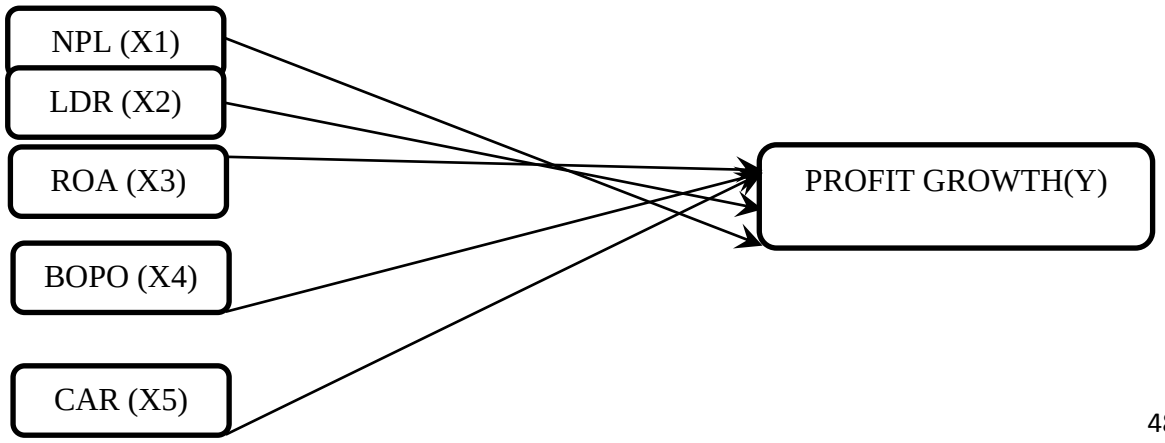
a. The size of the bank's ability to absorb unavoidable losses.
b. The source of funds required to finance its business activities to a certain extent, because the sources of funds may also come from debt sales of unused assets and others.
c. The measurement tool of the bank's small wealth (glory) owned by its shareholders.

d. With sufficient capital, enables the management of the bank concerned to work with high efficiency, as desired by the owners of capital in the bank. The ratio of capital that is often used to assess the performance of a bank, among others: *Capital Adequacy Ratio* (CAR). CAR is the ratio of the minimum capital fulfillment obligations that must be owned by the bank. The function of this ratio is to measure the capital adequacy of the bank to support the assets that contain or generate risks, such as loans. For the current minimum CAR of 8% of weighted assets by risk (ATMR), or added to market risk and operational risk (depending on the condition of the bank concerned). The CAR stipulated by Bank Indonesia shall refer to international rules or standards issued by Banking for International Settlements (BIS) (Riyadi, 2006).

8. Definition of Bank Health

The bank health is the most important thing to measure the existing financial performance in the bank. Size to conduct a bank health assessment has been determined by Bank Indonesia. All of the banks in Indonesia are required to make financial statements both routine and periodic about their activities within a certain period. Bank health assessments are conducted annually. Bank Indonesia Regulation No 13/1/PBI/2011 concerning bank health rating, banks are required to conduct a self assessment on bank soundness as referred to in article 2 paragraph 3. Banks are required to maintain and improve bank soundness by applying prudential principles and risk management in conducting business activities, in carrying out the responsibility for business continuity of the bank. The board of directors and the board of commissioners are responsible for maintaining and monitoring the bank's health rating and taking the necessary steps to maintain and improve the bank's health rating, Health by using risk approach (risk-based bank rating) either individually or consolidated. The bank's current health is dynamic and affects the level of risks faced, then the bank rating needs to be improved in order to better reflect the current and future bank conditions. This is accomplished by improving bank rating with a risk-based approach and adjusting the bank rating factors.

III. HIPOTESIS



Information :
Y = Dependent variable Profit Growth
X1 = Independent variable Risk Profile (NPL)
X2 = Independent variable Risk Profile (LDR)
X3 = Independent Variable Earnings (ROA)
X4 = Independent variable Earnings (BOPO)
X5 = Independent variable Capital (CAR)
The risk level of bank soundness can be measured by credit risk using NPL calculated based on the ratio between the number of non performing loans compared to the total credit. NPL is a ratio to measure the ability of banks in maintaining the risk of failure of credit repayment by the debtor. Nonperforming loans are defined as risks associated with the possibility. The failure of the client to pay its obligations or the risk that the debtor can not pay off debts. NPLs reflect credit risk, the smaller the NPL the less the credit risk borne by the bank. In order for the bank's value to this ratio to be good, Bank Indonesia sets the net NPL ratio below 5%. The higher this ratio, the lower the quality of bank credit causing the number of non-performing loans the greater. Thus, the possibility of a bank in a problem condition is greater, so it is possible the performance of the bank also decreased, the profit in the company will decrease.

H1: Risk profile variable measured with Non Performing Loan (NPL) has a negative effect on Profit Growth.
Liquidity risk is measured using the LDR, the ratio to assess the liquidity of a bank by dividing the amount of credit granted by the bank against third party funds. LDR has a positive influence on the change in profit means that if this ratio shows a high number then the change in profits is also high and vice versa, it can be interpreted that if this ratio shows a low number then, the bank in idle money condition or excess liquidity that will cause the bank to lose The opportunity to earn bigger profits. The amount of LDR is considered to be eligible provisions if the LDR is between 78% and 100%. LDR under the target can be said that the bank maintains an excessive liquidity tool and this will cause pressure on bank income in the form of high cost of maintenance of idle cash. The higher the LDR, the profit earned by the bank will increase with the assumption that the bank is able to channel its credit effectively so it is expected that a number of bad loans will be low. Based on the description above it can be hypothesized as follows:

H2: Risk profile variable measured by Loan to Deposit Ratio (LDR) has a positive effect on Profit Growth.
ROA is used to measure the ability of bank management in obtaining profit generated from the total assets of the bank concerned. ROA shows the company's effectiveness in generating profits by optimizing its assets. The higher the profit generated, the higher the ROA, which means that the company is more effective in the use of assets to generate profit. Measuring the level of profitability is important for the bank because high profitability is the goal of every bank. ROA is the ability of the capital invested into all the assets of the company to generate profits. ROA uses profit as one way to assess effectiveness in the use of company

assets in generating profits. The greater the ROA, the higher the level of profit achieved by the bank, the higher the rate of profit growth.Sehingga the possibility of a bank in problematic conditions smaller.Therefore, it can be possible that the performance of the company is also increasing.

H3: Variable Earnings measured by Return On Assets (ROA) have a positive effect on Profit Growth.

The Opportunity Cost Ratio to Operating Income (BOPO) is often called the efficiency ratio used to measure the bank's management capability in controlling operational costs against operating income. The main activities of banks such as interest costs, labor costs, marketing costs, and other operating costs, while operating income is interest income derived from the placement of funds in the form of loans and other operating income. The smaller the ratio of BOPO shows the more efficient a bank in carrying out its business activities, so that in the management of the business of the Bank will increase profits, on the contrary the greater the ratio of BOPO it shows the less efficiency in running the business principal and impact on profit decrease (Aini, 2013). Above it can be made the hypothesis as follows:

H4: Variable earnings measured by Operational Cost against Operating Income (BOPO) have a negative effect on profit growth.

Capital adequacy shows the ability of banks to maintain sufficient capital and bank management capability in identifying, measuring, controlling and controlling risks arising and can affect the amount of bank capital. In banking companies are required to meet the minimum capital participation, or known as CAR (Capital Adequacy Ratio). This aspect assesses the capital owned by the bank is based on the obligation of minimum capital provision bank. Penelitian aspect capital of a bank is more intended who knows how or how the bank's capital is adequate to support its needs. Capital Adequacy Ratio (CAR) is a ratio that shows how much the total assets of banks that contain risks involved financed from their own capital in addition to funds from sources outside the bank. CAR is also an indicator of the ability of banks to cover the decline in its assets as a result of losses caused by assets at risk with capital adequacy, in other words, the smaller the risk the higher the profits, the higher the CAR achieved by the bank Shows better bank performance and bank profits will increase, so the CAR has a positive effect on changes in earnings.

H5: Capital variable as measured by Capital Adequacy Ratio (CAR) has a positive effect on profit growth.

IV. RESEARCH METHODOLOGY

This study takes secondary data in the form of financial statements for the period 2011 to 2013 published in Indonesian print media (bank info) online, Indonesian Stock Exchange (IDX) and annual banking report. Periodization of research data covering the period 2011 to 2013 data is considered sufficient to represent the condition of banking in Indonesia at this time. Based on the level of explanation of the position of variables, this research is causal associative, ie research that looks for the relationship (influence) cause-effect is the independent variable or variables that affect (X) dependent variable influenced variable (Y)

(Sugiyono, 2009). In this study, the dependent variable is profit growth, while the independent variables are risk profile (NPL and LDR), Earnings (ROA and BOPO), and Capital (CAR).

1. Dependent Variables

Dependent variable that focused in this research is profit growth. Profit used in this study is profit after tax (Earnings After Tax), profit growth can be formulated as follows (Usman, 2003):

= x 100%

Information:
ΔYit = profit growth in period t
Yit = corporate profit i in period t
Yit-1 = corporate profit i in period t-1

2. Independent Variables

The independent variables referred to in this study are:

a. Risk Profile

The risk profile focused on only 2 risks in this research:

1. Credit Risk

To measure credit risk researchers use NPL. This ratio shows that the bank's management capability in managing non-performing loans provided by banks. The higher the ratio, the worse the quality of the bank credit, the higher the number of problem loans (Almilia and Herdiningtyas, 2005).

2. Liquidity risk

The ratio of liquidity that is often used in assessing the performance of a bank is LDR (Loan to Deposit Ratio). This ratio is to assess the liquidity of a bank by dividing the amount of credit granted by the bank against third party funds.The higher this ratio, the lower the bank's liquidity capability, so the possibility of a bank in a problem condition will be even greater.

b. Earnings/Profitability

Rentability ratios used in this study are:

1. Return On Assets (ROA)

This ratio is used to measure the ability of bank management in gaining overall profit. The greater the ROA of a bank, the greater the level of bank profits and the better the bank's position in terms of asset use.

2. Operational Cost with Operating Income (BOPO)

This ratio is used to measure the level of efficiency and ability of the bank to perform its operations. The lower the ratio of BOPO means the better the bank's management performance because it is more efficient in using the existing resources in the company. If the ratio is above 90% and close to 100%, then the performance of the bank shows a very low level of efficiency. If the ratio is low, for example, close to 75%, then the performance of the bank concerned shows a high level of efficiency (Riyadi, 2006).

c. Capital

The capital ratios used in this study are Capital Adequacy Ratio (CAR). CAR is the ratio of the minimum capital fulfillment obligation that must be owned by the bank.

V. RESULT

Test Result Prerequisite Analysis

The hypothesis in this research is tested by using technique Multiple linear regression analysis. Before data is analyzed first conducted prerequisite analysis test (classical assumption test) consisting of test Normality, multicollinearity, autocorrelation, and heteroscedasticity.

a. Normality test

Normality test is used to determine whether the regression model Normally distributed or not, this test uses the technique Kolmogorov Smirnov. The normality test results can be seen In the table below:

Table 1.1 : normality test result

Z	Sig	Explanation
0.621	0.835	normally

Based on table 1.1 sig value. of 0.835 or greater 0.05 meaning that the data used for this study is normally distributed.

b. Multicollinearity Test

Analysis of multicollinearity problem is done with Using product moment correlation, as for result of test multicollinearity can be seen in the following.

Table 1.2. : multicollinearity test results

Variable	TOL	VIF
NPL	0.792	1.262
LDR	0.855	1.170
ROA	0.773	1.294
BOPO	0.842	1.188
CAR	0.838	1.194

Based on table 1.2, it shows that all variables independent has a VIF value smaller than 10 so it can it was concluded that NPL, LDR, ROA, BOPO, and CAR did not occur multicollinearity.

Table 1.3: multicollinearity test results with correlation

Relationship	r Count	P
NPL and LDR	0.361	0.015
NPL and ROA	-0.235	0.121
NPL and BOPO	0.173	0.257
NPL and CAR	-0.247	0.101
LDR and ROA	-0.006	0.769
LDR and BOPO	0.121	0.429
LDR and CAR	-0.074	0.629
ROA and BOPO	-0.361	0.015
ROA and CAR	0.350	0.019
BOPO and CAR	-0.240	0.112

Based on table 1.3, it shows that all variables are valued by the correlation coefficient between NPL with LDR, ROA, BOPO, and CAR Below 0.90 so there is no multicollinearity between independent variable.

c. Autocorrelation Test

Analysis of the problem of autocorrelation is done by looking the dW value is computed compared to the dU and dL values in the table Durbins Watson. The results of the autocorrelation test can be seen in the following table this.

Table 1.4: autocorrelation test results

Count dW	Table dW (n= 45; k=5) dL= 1.287; dU=1.776
1.779	dL < dW <4- dU (1.287 <dW , 1.776

The dW value for the regression model is 1.779 or deep Interval 1,287 <dW <1.776. These results indicate that there are symptoms of autocorrelation in the regression model the influence of NPL, LDR, ROA, BOPO and CAR on profit growth. Treatment is done By means of Lag-1 on free variables (Ghozali, 2011). Test results autocorrelation after treatment show that dW value for the regression model is 2,126 or deep Interval 1,776 <dW <2,224. These results indicate that it is not there is symptoms of autocorrelation in the regression model the influence of NPL, LDR, ROA, BOPO, and CAR on profit growth.

d. Heteroscedasticity Test

The heteroscedasticity test was performed to test whether at regression model occurs inequality of residual variant of one observation to other observations. As a result of existence heteroscedasticity on the regression, the result is no longer a variant minimum, the test of the regression coefficient becomes less strong, The coefficient of the estimator

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becomes biased and the conclusion taken becomes wrong. How to detect the presence/absence of heteroscedasticity in the model regression with Glejser test. Heteroscedasticity test results can be seen In the following table:

Table 1.5: heteroscedasticity test results

Variable	T	Sig
NPL	-1.670	0.103
LDR	0.554	0.583
ROA	-0.361	0.720
BOPO	1.194	0.240
CAR	1.655	0.106

Based on table 1.5, the sig value, on the variable NPL, LDR, ROA, BOPO, and CAR, is greater than 0.05 so there is no symptoms Heteroscedasticity.

Results of Multiple Linear Regression Analysis

Based on the classical assumption test above proved that the regression model The proposed has fulfilled the four classical assumptions of having the normal distribution, and free from symptoms of autocorrelation, multicollinearity, and heteroscedasticity. The results of multiple linear regression testing can be seen in the following table:

Table 1.6: results of multiple linear regression analysis

Variable	B	T Count	Sig
(constant)	128.483	4.664	0.000
NPL	-8.542	-3.283	0.002
LDR	-0.21	-0.113	0.910
ROA	9.213	3.967	0.000
BOPO	-0.912	-3.850	0.000
CAR	-1.978	-2.527	0.016
$R = 0.795$; $R^2 = 0.632$; Adj $R^2 = 0.585$ Count F = 13.422 (sig. = 0.000)			

Based on table 1.6 multiple linear regression equations are generated is: Profit growth = 128.434 - 8.542 NPL - 0.21 LDR + 9.213 ROA - 0.912 BOPO - 1,978 CAR.

Based on table 17, the independent variables (NPL, LDR, ROA, BOPO, and CAR) were able to explain 58.5% of the variations that occurred within profit growth, while other variations 41.5% are explained by other variables beyond this study. The significant value of the F test is 0.000 or less than 0.05 means that all independent variables (NPL, LDR, ROA, BOPO, and CAR) are jointly influential to the dependent variable (profit growth).

a. Hypothesis Testing First

Based on table 1.6 obtained the value of regression coefficient for NPL For -8,542. This figure can be interpreted that the NPL negatively affect the profit growth. Variable NPL has a value of t arithmetic of -3.287 with significance 0.002. The value of NPL

significance is less than the critical significance value (0.002 < 0.05), this means that NPLs have an effect on growth profit (significant). Based on the above explanation can be concluded that NPL has an effect on the profit growth. The first hypothesis is accepted.

b. Second Hypothesis Testing
Based on table 1.6 obtained value of regression coefficient for LDR Of -0.21. The figure can be interpreted that the LDR has an effect negative to profit growth. The LDR variable has a value of t count equal to -0.113 with significance 0,910. The value of significance LDR is greater than the critical significance value (0.910> 0.05), this means that LDR has no effect on profit growth (not significant). Based on the above explanation can be concluded That LDR has no effect on profit growth So the second hypothesis is rejected.

c. Third Hypothesis Testing
Based on table 1.6 obtained value of regression coefficient for ROA Of 9.213. This figure can be interpreted as ROA have a positive effect on profit growth. ROA variable has a t value of 3.967 with a significance of 0.000. The value of ROA significance is less than the critical significance value (0.000 < 0.05), this means that ROA has an effect on growth profit (significant). Based on the above explanation can be concluded that ROA has an influence on profit growth so the third hypothesis is accepted.

d. Hypothesis Testing Fourth
Based on table 1.6 obtained the value of regression coefficient for BOPO of -0.912. The number can be interpreted that BOPO negatively affects the profit growth. Variable BOPO has a t value of -3.850 with a significance of 0.000. The significance value of BOPO is smaller than the critical significance value (0.000 <0.05), this means that BOPO has an effect on profit growth (significant). Based on the above explanation can be it was concluded that BOPO had an effect on profit growth so the fourth hypothesis is accepted.

e. Fifth Hypothesis Testing
Based on table 1.6 obtained value of regression coefficient for CAR Of -1.978. The figure can be interpreted that the CAR negatively affects the profit growth. CAR variables have a value of t arithmetic of -2.527 with a significance of 0.016. The CAR significance value is less than the critical significance value (0.016 < 0.05), this means that CAR has no effect on profit growth (significant). Based on the above explanation can be it was concluded that CAR had no effect on profit growth so that the fifth hypothesis is rejected.

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VI. DISCUSSION

Influence of Risk Profile as Measured by NPL against Profit Growth

The regression coefficient value for NPL is -8,542. That number can be interpreted that NPL has a negative effect on growth profit. The NPL variable has t value of -3.283 with the significance of 0.002. The NPL significance value is less than the value critical significance (0.002 <0.05), this means that NPL effect on profit growth (significant). Based on the above explanation can be concluded that the NPL has a negative and significant influence on earnings growth the first hypothesis is accepted.

NPL is the ratio of total non-performing loans credit. One form of banking activity is lending, so banks will always monitor the credit conditions channeled. If the credit disbursed is problematic, stalled and less smoothly, it will reduce the size of the bank's ability to extend credit to other creditors. This is certainly will harm the bank itself. Thus, the NPL is influential to banking profit growth.

The results of this study are in line with Fatoni et al. (2012) mentioned that NPL has a negative effect on growth profit. The higher this ratio the worse the credit quality banks that because the number of problem loans increasingly large. The possibility of a bank in troubled condition the greater, so it is possible the performance of the bank also experienced decline.

Influence of Risk Profile as Measured by LDR against Profit Growth

The regression coefficient value for LDR is -0.21. That number can be interpreted that LDR negatively affects growth profit. LDR variable has t value equal to -0.113 with the significance of 0.910. The LDR significance value is greater than the value critical significance (0.910> 0.05), this means that LDR is not effected on profit growth (not significant). Based on the above explanation can be concluded that LDR does not have the effect on profit growth so that the second hypothesis is rejected.

The results of this study are in line with Fatoni et al. (2012) Said that the LDR has no effect on profit growth. The LDR states how far the bank is able to pay again withdrawal of funds made by the depositor with relying on the credit given as a source of liquidity. An increase in LDR can be attributed to an increase in the amount of credit which is given.

The Effect of Earnings as Measured by ROA against Profit Growth

The regression coefficient value for ROA is 9.213. That number can be interpreted that ROA has a positive effect on growth profit. ROA variable has t value equal to 3,967 with the significance of 0.000. The ROA significance value is less than the value critical significance (0,000 <0.05), this means that ROA Effects on profit growth (significant). Based on the above explanation can be concluded that the ROA effects on profit growth so the third hypothesis is accepted.

ROA itself is the ratio between profit before tax to total assets, the case in this study is slightly specific. Which company has a large asset always generates huge profits and also depends on the bank's own performance capabilities as well efficient use of available funds.

The Effect of Earnings as Measured by BOPO against Profit Growth

The regression coefficient value for BOPO is -0.912. That number can be interpreted that BOPO negatively affects the growth profit. BOPO variable has t value equal to -3,850 with the significance of 0.000. The BOPO significance value is less than the value critical significance (0.000 <0.05), this means that BOPO effect on profit growth (significant). Based on the above explanation can be concluded that BOPO effects on Profit growth so that the fourth hypothesis is accepted.

BOPO is used to measure the level of efficiency and ability banks conduct their operations. The lower the ratio level BOPO means the better performance of the bank's management, because more efficient in using the resources that exist in the company. However, every banking company will strive to produce profit as much as possible, in addition to efficiency by pressing operating costs, the bank must be able to use all the capabilities financially like an asset to make a profit. Therefore, the only way to increase profit, so BOPO in this study has an effect on profit growth.

Capital Influence Measured by CAR on Growth Profit

The regression coefficient value for CAR is -1.978. That number can be interpreted that CAR has the negative effect to profit growth. The CAR variable has a t value of -2.527 with the significance of 0.016. The CAR significance value is greater than the value critical significance (0.016 <0.05), this means that CAR is not effected on profit growth (significant). Based on the above explanation can be concluded that CAR does not have the effect on profit growth so that the fifth hypothesis is rejected.

Every banking company must be able to meet the minimum capital which has been required by BI. This rule will benefit the bank itself and customers. Bank itself with the minimum capital of which has been set to grow, profits are increasing and assets the greater it is. BI has also set the amount of CAR, so the bank who can not fulfill it is said to be an unhealthy bank. The performance of banks with relatively small capital, and only fit the minimum limit then, CAR achieved by the bank does not affect a number of earnings change.

VII. LIMITATION

The study has some limitations. The study was conducted using a relatively period of observation still short, from the year 2011 - 2013, so that the number of samples used still very limited. Variables used in this study are still limited, this is evident when analyzing multiple linear regression of NPL, ROA, and BOPO, which affect the profit growth and still there are 44.2% other variables that affect profit growth. This phenomenon occurs because profit growth is not only influenced by NPL, LDR, ROA, BOPO, and CAR, however, as well as macro economics like Inflation, rupiah exchange rate, and others. Profit growth becomes power its own attraction for investors to instill shares in the company. The management must pay attention to the impact of growth profit and value of the company itself.

VIII. SUGGESTION

The study gives suggestion in some ways. Investors should pay attention to the information contained within prospectus mainly regarding NPL information, ROA and BOPO because affect the profit growth. Bank management should also pay attention to the use of finance companies mainly dealing with the use of funds within credit (NPL), an increase in corporate profits (ROA), and expenses operational and operating income (BOPO) as it will affect profit growth. The results of this analysis can be utilized by further investigators, as reference in order to compare to assess management achievements and to measure the level of efficiency as well as the work achieved by banks.

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