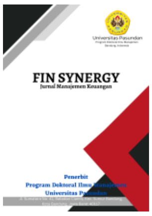

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# THE EFFECT OF NON-PERFORMING LOANS ON RETURN ON ASSETS AT PT. BANK BUKOPIN TBK PERIOD 2012-2022

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**Abstrak**

Penelitian ini bertujuan untuk mengetahui pengaruh Non Performing Loan terhadap Return on Asset pada PT Bank Bukopin Tbk. Metode yang digunakan adalah explanatory research. Teknik analisis menggunakan analisis statistik dengan pengujian regresi, korelasi, determinasi dan uji hipotesis. Hasil penelitian ini variabel Non Performing Loan diperoleh nilai rata-rata sebesar 3,45%. Variabel Non Performing Loan diperoleh nilai rata-rata 2,95%. Non Performing Loan berpengaruh negatif dan signifikan terhadap Return on Asset dengan nilai persamaan regresi Y = 4,702 - 0,507X, dan nilai koefisien korelasi -0,619 atau memiliki tingkat hubungan yang negatif sedang dengan nilai determinasi 38,3%. Uji hipotesis diperoleh signifikansi 0,032 < 0,05.

Kata Kunci: Non Performing Loan, Return on Assets

**Abstract**

*This research aims to determine the influence of Non Performing Loans on the Return on Assets at PT Bank Bukopin Tbk. The method used is explanatory research. The analytical technique employed statistical analysis with regression testing, correlation, determination, and hypothesis testing. The research findings indicate that the average value of the Non Performing Loans variable is 3.45%. The Return on Assets variable has an average value of 2.95%. Non Performing Loans have a negative and significant impact on the Return on Assets, with a regression equation of Y = 4.702 - 0.507X, a correlation coefficient of -0.619 indicating a moderate negative relationship, and a determination coefficient of 38.3%. The hypothesis testing reveals a significance of 0.032 < 0.05..*

**Keywords:** *Non Performing Loan, Return on Assets*

## INTRODUCTION

The banking industry is a critical industry, primarily because it involves the processing of public funds and their utilization in various investments, such as providing loans, purchasing securities, and other fund additions. The condition of the banking sector in Indonesia during the period from 2013 to 2017 was dynamic for the national banking industry. Despite facing significant challenges, banks, in general, were able to maintain positive performance. The profitability, liquidity, and solvency of banks remained stable at satisfactory levels. However, the intermediation function was still hindered by unfavorable changes in the economic conditions.

Banks serve as intermediaries between parties with surplus funds and those with a shortage of funds. Banks have several functions, one of which is being an Agent of Trust. Agent of Trust means that in their business activities, banks rely on the trust of the public. People believe that their money will not be misused by the



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bank and that it will be managed well, without the bank going bankrupt.

To measure good company performance, profitability is often used, and profitability analysis can be conducted. Profitability analysis is implemented through Profitability Ratios, also known as operating ratios. There are two types of ratios: Margin on Sales, which measures a company's ability to control expenses related to sales, through Gross Profit Margin, Operating Margin, and Net Profit Margin.

Bank Indonesia also places more emphasis on the profitability value of a bank measured by Return on Assets (ROA) compared to Return on Equity (ROE) because Bank Indonesia prioritizes the profitability value of a bank that is measured against assets, most of which come from public deposits. Therefore, ROA is a better indicator for measuring the level of a bank's profitability.

PT. PermataBank, Tbk. is a company operating in the banking sector. Its activities involve collecting funds from the public (in the form of savings, deposits, current accounts, and investments) and disbursing them to the public in the form of credit purchases. Consequently, Permata Bank recognizes the importance of maintaining and improving its performance health to sustain its business existence through increased profitability. In efforts to enhance Return on Assets (ROA), bank management also needs to consider the level of liquidity. The ability of a bank to meet its financial obligations (liquidity) can be measured, among other things, by financial ratios such as the Loan to Deposit Ratio (LDR), which assesses the liquidity of a bank by dividing the amount of credit provided by the bank by funds from third parties.

Here are the Loan Deposit Ratio and Return on Assets data for PT Bank Bukopin Tbk from 2012 to 2022:

Tabel 1. Nilai NPL dan ROA PT Bank Bukopin Tbk Tahun 2012-2022

| Years | NPL | ROA |
|---|---|---|
| 2010 | 4.62% | 1.72% |
| 2011 | 3.54% | 3.98% |
| 2012 | 2.14% | 1.92% |
| 2013 | 2.66% | 1.74% |
| 2014 | 3.78% | 2.72% |
| 2015 | 2.35% | 1.65% |
| 2016 | 2.13% | 5.23% |
| 2017 | 2.11% | 3.27% |
| 2018 | 2.17% | 3.93% |
| 2019 | 5.13% | 1.21% |
| 2020 | 5.86% | 2.15% |
| Average | 3,32% | 2,95% |

Based on the data in the table above, it can be observed that the achievement of Loan to Deposit Ratio (LDR) for PT Bank Bukopin Tbk from 2012 to 2022 fluctuated. The lowest achievement was recorded in 2017, reaching only 2.11%, while the highest achievement occurred in 2019, reaching 5.86%. On average, it achieved 3.32% per year.

Meanwhile, profitability measured by Return on Assets (ROA) also showed fluctuations in the period 2012-2022. The lowest achievement was in 2019, at 1.121, while the highest achievement was in 2016, reaching 5.238%. On average, it achieved 2.95% per year.

One of the challenges faced by the banking business in providing credit, as reflected in the Loan to Deposit Ratio (LDR), is the imbalanced intense competition, which can result in inefficient management, leading to reduced income and the emergence of non-performing loans that can lower profits. Non-performing loans will affect capital and may cause liquidity problems for the bank.

Credit provided by banks constitutes the largest portion of their assets. Therefore, lending activities are the backbone of a bank's main activities, considering the significant role of credit in the economy. The government and the banking sector need to implement policies to maintain the balance of national credit. Credit is the primary source of income and profits for banks. Moreover, credit is a type of fund investment that often becomes the main cause of a bank facing significant problems. Hence, it is not excessive to say that the success of a bank is highly influenced by their ability to manage credit effectively. Banks that successfully manage their credit will grow, while those plagued by non-performing loans will decline.

In essence, every business is not exempt from the risk of failure, and the same applies to the banking industry. Credit provision by banks carries the risk of credit payment disruptions, in other words, non-performing loans (NPL), which can affect a bank's performance. The latest data from Bank Indonesia (BI) reveals a downward trend in the quality of bank credit, primarily indicated by the increase in bad loans or non-performing loans (NPL). Bank Indonesia has set the threshold for Non-Performing Loans (NPL) at 5%. If a bank can keep the Non-Performing Loan (NPL) ratio below 5%, it will have a greater potential for profit since banks will save the money needed to form provisions for bad loans and write off unproductive assets. The slowdown in economic growth has an impact on the growth of credit and third-party funds, as well as an increase in the cost of provisioning for bad loans and operational expenses.

Based on the above description, the author is interested in conducting a research titled "The Impact of Non-Performing Loans (NPL) on Return on Assets (ROA) at PT Bank Bukopin Tbk for the Period 2012-2022".

## METODE

This research utilizes the financial reports of PT Bank Bukopin Tbk for a period of 12 years as the population. The sampling technique employed is a saturated sample, where all members of the population are included as samples in this study. Therefore, the sample in this research consists of the financial reports of PT Bank Bukopin Tbk over a 12-year period.

The type of research conducted is associative research, which aims to explore the relationship between independent variables and their dependent variables. In analyzing the data, validity testing, reliability testing, simple linear regression analysis, correlation coefficient, coefficient of determination, and hypothesis testing are employed.

## RESULT

1. **Descriptive Analysis**

   In this test it is used to determine the minimum and maximum scores of the highest scores, rating scores and standard deviations of each variable. The results are as follows:

Table 1. Descriptive Statistics Analysis Results

**Descriptive Statistics**

| | N | Minimum | Maximum | Means | std. Deviation |
|---|---|---|---|---|---|
| NPL (X1) | 12 | 2.11 | 5.92 | 3.453 | 1.34978 |
| ROA (Y) | 12 | 1.72 | 5.23 | 2.953 | 1.10423 |
| Valid N (listwise) | 12 | | | | |

Achievement of Non Performing Loans obtained a minimum value of 2.11% and a maximum value of 5.92% with an average of 3.45% with a standard deviation of 1.34%.



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While achieving a Return on Assets score obtained a minimum value of 1.72% and a maximum value of 5.23% with an average of 2.95% with a standard deviation of 1.10%.

**2. Verification Analysis.**

In this analysis it is intended to determine the effect of the independent variables on the dependent variable. The test results are as follows:

**a. Simple Linear Regression Analysis**

This regression test is intended to determine changes in the dependent variable if the independent variable changes. The test results are as follows:

Table 2. Simple Linear Regression Test Results

**Coefficientsa**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | std. Error | Betas | | |
| 1 | (Constant) | 4,702 | 0.749 | | 6,279 | 0 |
| | NPL (X1) | -0.51 | 0.203 | -0.619 | -2,494 | 32 |

a. Dependent Variable: ROA (Y)
a. Dependent Variable: Return On Assets

Based on the test results in the table above, the regression equation Y = 4.702 - 0.507X is obtained. From these equations it is explained as follows:

1) A constant of 4.702 means that if there are no non-performing loans, then there is a Return on Assets value of 4.702 points.
2) The regression coefficient for Non-Performing Loans is -0.507, this number is negative, meaning that every time there is an increase in Non-Performing Loans by 0.507 points, the Return on Assets will also decrease by -0.507 points.

**b. Correlation Coefficient Analysis**

Analysis of the correlation coefficient is intended to determine the very negative level while the relationship of the independent variables to the dependent variable either partially or simultaneously. The test results are as follows:

Table 3. Correlation Coefficient Test Results

**Correlationsb**

| | | NPL (X1) | ROA (Y) |
|---|---|---|---|
| NPL (X1) | Pearson Correlation | 1 | -.619* |
| | Sig. (2-tailed) | | 32 |
| ROA (Y) | Pearson Correlation | -.619* | 1 |
| | Sig. (2-tailed) | 32 | |

*. Correlation is significant at the 0.05 level (2-tailed).
b. Listwise N=12

Based on the test results obtained a correlation value of -0.619 means that Non Performing Loans have a strong negative relationship to Return on Assets.

**c. Analysis of the Coefficient of Determination**

Analysis of the coefficient of determination is intended to determine the percentage of influence of the independent variable on the dependent variable. The test results are as follows:

Table 4. Test Results for the Coefficient

**Summary models**

| Model | R | R Square | Adjusted R Square | std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .619a | 0.383 | 0.322 | 0.90937 |

a. Predictors: (Constant), NPL (X1)

Based on the test results, a determination value of 0.383 is obtained, meaning that non-performing loans have a contribution of 38.3% to Return on Assets, while the remaining 61.7% is influenced by other factors.

**d. Hypothesis testing**

Hypothesis testing with the t test is used to find out which hypothesis is accepted. Hypothesis formulation: There is a significant influence between Non Performing Loans on Return on Assets.

Table 5. Hypothesis Test Results

**Coefficientsa**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | std. Error | Betas | | |
| 1 | (Constant) | 4,702 | 0.749 | | 6,279 | 0 |
| | NPL (X1) | -0.51 | 0.203 | -0.619 | -2,494 | 32 |

a. Dependent Variable: ROA (Y)

Based on the test results in the table above, the value of t count > t table or (-2.494 > -2.228) is obtained, thus the hypothesis proposed that there is a significant negative effect between Non Performing Loans on Return on Assets is accepted.

## CONCLUSION

Based on the 12-year financial report period, the Non Performing Loan variable shows an average of 3.45%. This indicates the level of loans that are not being paid back by borrowers. Over the same period, the average Non Performing Loan is reported to be 2.95%, reflecting the proportion of problematic loans within the bank's portfolio.

In terms of the relationship between Non Performing Loans and Return on Assets, the findings suggest that Non Performing Loans do not have a significant effect on Return on Assets. The regression equation Y = 4.702 - 0.507X represents this relationship, where Y denotes Return on Assets and X represents Non Performing Loans. The correlation value of -0.619 indicates a strong negative correlation between these variables. Non Performing Loans contribute approximately 38.3% to the Return on Assets, while the remaining 61.7% is influenced by other factors not examined in this study.

Furthermore, the hypothesis test results reveal that the calculated t-value (-2.494) is greater than the critical t-value (-2.228), indicating no statistically



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significant relationship between Non Performing Loans and Return on Assets. This implies that other factors beyond Non Performing Loans have a more significant impact on the bank's Return on Assets.

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