

Tingkat Pengembalian Ekuitas: Dana Pihak Ketiga, Pembiayaan Bermasalah, dan Efisiensi Operasional pada Bank Syariah Indonesia

Rate Of Return on Equity: Third Party Funds, Problem Finance, and Operational Efficiency at Indonesian Sharia Bank

Abstrak

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Penelitian ini mencari bukti empiris hubungan antara pendanaan pihak ketiga, kredit bermasalah, dan efisiensi operasional dengan tingkat pengembalian modal Bank Umum Syariah di Indonesia dari tahun 2014 hingga 2018. Populasi penelitian ini terdiri dari Bank Umum Syariah yang terdaftar di Otoritas Jasa Keuangan di Indonesia. Untuk sampel penelitian ini menggunakan bentuk purposive sampling. Metodologi ini menghasilkan sampel sebelas bank umum syariah. Dengan menggunakan statistik deskriptif, uji asumsi klasik, pengujian hipotesis, dan regresi linier berganda, penelitian ini menguji hipotesisnya. Berdasarkan hasil penelitian ini, tingkat pengembalian modal pada Bank Umum Syariah dipengaruhi secara signifikan oleh pendanaan pihak ketiga, pembiayaan bermasalah, dan efisiensi operasional. Sedangkan dana pihak ketiga secara parsial tidak berpengaruh dan tidak signifikan terhadap tingkat pengembalian modal pada Bank Umum Syariah, pembiayaan bermasalah memiliki pengaruh yang besar baik terhadap tingkat pengembalian modal maupun efisiensi operasional Bank Umum Syariah.

Kata kunci: Dana Pihak Ketiga, Pembiayaan Bermasalah, Efisiensi Operasional, Tingkat Pengembalian Ekuitas

Abstract

This study seeks empirical evidence of the relationship between third-party funding, non-performing loans, and operational efficiency and the rate of capital return for Islamic Commercial Banks in Indonesia from 2014 to 2018. This study's population consists of Islamic Commercial Banks registered with the Financial Services Authority in Indonesia. For the sample, this study used a form of purposive sampling. This methodology yielded a sample of eleven Islamic commercial banks. Using descriptive statistics, the classical assumption test, hypothesis testing, and multiple linear regression, this study tests its hypotheses. According to the findings of this

study, the rate of return on equity in Islamic Commercial Banks is significantly influenced by third-party funding, non-performing financing, and operational efficiency. While third party funds partially have no effect and are not significant on the rate of return on capital at Islamic Commercial Banks, non-performing financing has a major impact on both the rate of return on capital and operational efficiency of Islamic Commercial Banks.

Keywords: Third Party Funds, Financing Problems, Operational Efficiency, Rate of Return on Equity

INTRODUCTION

Economic development will develop rapidly and run smoothly if the sectors that support it are solid, one of the pillars of the economy in a country is the banking sector. Financial institutions are crucial to the development of economic security. As can be observed when the economy suffers a downturn, organizing the banking sector is one strategy to restore economic stability. The banking sector is one of the most important financial entities in any country. Financial services are provided by banks, which are businesses that deal with money.

The banking system in Indonesia itself adheres to a dual banking system, namely the conventional banking system using interest as the basis for its operations, and the Islamic banking system using the profit-sharing principle as the basic basis for its overall operations. Sharia-compliant banks, often known as Islamic banks, and traditional banks serve a similar purpose in the financial system (Intermediary Institution). This sharia system is based on justice, transparency, accountability, and mutual trust among economic actors.

Based on a system of justice, transparency, and accountability as well as mutual trust, Islamic banks can publish reports, both financial reports, and other reports, and these reports can be accessed by internal and external parties including one of them, namely investors or customers. or the customer can view the financial statements published by the bank because the investor or customer is one of the interested parties to see the results of the measurement of the bank's financial performance to be able to see the condition of the bank and the level of success of the bank in carrying out its operational activities. The success rate of a bank, including Islamic banks, can be assessed from several indicators, one of the indicators used is financial statements. From the report, there are several financial ratios, one of which is the ROE ratio, the higher the return on equity (ROE) illustrates the bank's ability to be more effective in generating a net income from its capital.

According to Hasmirati & Akuba (2020), return on equity (ROE) is a ratio that assesses a company's ability to create profits through the use of stock. The ROE standard per PBI No.6/10/PBI/2004 is between 5% and 12.5%. The higher the ROE, the greater the bank's profit, which has a positive impact on the bank's position in terms of capital management, thus the rate of return on equity will also be high. The high rate of return on equity can demonstrate that Islamic banks can effectively manage their capital, hence increasing client confidence in Islamic banks.

For Sukma (2013), a bank's ability to finance its operations through third-party funds (funds received from the wider community) is a key indicator of the bank's performance. It is hoped that banks will use the many funding mechanisms at their disposal to provide finance to local businesses and residents. Financing is one of the functions performed by Islamic banks because with the existence of financing it becomes an alternative for Islamic banks to

help the community in running their business. The higher the financing, the higher the risk that will be faced by Islamic banks, and this can lead to the potential for financing problems.

Non-performing financing is a financing condition that occurs when there is a significant variation in the repayment of credit, as defined by Rachman & Apandi (2015). Meanwhile, non-performing financing represents a significant risk to the bank's bottom line if the bank's overall funding distributed is not adequately managed. The amount of non-performing loans is a good indicator of financing issues (NPF). According to BI No. 15/2/PBI/2013, the ratio of NPF or NPL cannot exceed 5%. If the bank's NPF is low, the bank will make a profit; if it's high, the bank will lose money because of the high rate of return on non-performing financing (Perdani et al, 2019).

In the event of non-performing financing in Islamic banks, the bank must be able to streamline its operations so that the bank can efficiently control operational activities in dealing with doubtful or non-performing financing, and even un collectibles, so that operational activities continue even though this happens.

As defined by Almadany (2012), operational efficiency occurs when the ratio of operating costs to operating income indicates that the expenditures incurred to generate profits are less than the profits generated through the usage of these assets.

Hartini (2016) states that a comparison between total operating costs and total operating profits constitutes an analysis of operating efficiency. The effectiveness and efficiency of the bank's operational procedures are evaluated using this ratio. The lower the bank's operating expenses and the higher its operational income, the more efficiently it runs its operations. A bank can be included in the healthy category if it has an operating cost and operating income ratio that does not exceed 93.5%.

The purpose of this research is to collect data from Islamic Commercial Banks in Indonesia covering the years 2014-2018 on the impact of external funding, non-performing financing, and operational efficiency on return on equity.

LITERATURE REVIEW

Islamic Bank

Article 1 paragraph 2 of In-Law No. 21 of 2008 defines a Bank as a commercial entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit and/or other forms to raise people's living standards, and Article 1 paragraph 7 explains that Islamic banks are a bank that conducts its business activities in accordance with sharia principles, and that Islamic banks are of two types: conventional and sharia-compliant. advertising in accordance with sharia law Paragraph 12 of Article 1 defines sharia principles as Islamic law in financial activities as decided by authoritative fatwas provided by sharia-determining authorities.

Hypothesis

The Effect of Third Party Funds, Non-performing Financing (NPF), and Operational Efficiency on the Return on Equity (ROE).

The rate of return on equity can be influenced by the value of the bank's performance. The performance of a bank can be assessed, one of which is the increase in third party funds, then the decrease in non-performing financing, and also the efficiency of the bank's operations. Good bank performance can cause banks to earn high profits. The profits obtained will certainly cause customers to get high profit sharing as well. The greater the profit obtained, the greater the bank's ability to pay returns and profit sharing to customers.

If the profit level is high, then stakeholders consisting of creditors, customers and investors will see that the bank can return its equity, with the ability of the bank to return the

equity, of course, the bank's performance can be said to be good. So that the first hypothesis can be formulated as follows:

H1: "Third party funds, non-performing financing (NPF), and operational efficiency are significant and significant on the rate of return on equity (ROE)".

The Effect of Third Party Funds on the Return on Equity (ROE).

Funds are an important element in every activity, the more funds obtained, the greater the funds to be issued, this also applies to Islamic banking. The higher the funds collected from customers, both in the form of demand deposits, savings, and time deposits, will increase the operational activities of Islamic banks in terms of financing and others so that the profits obtained will increase and with increased profits, it will facilitate the return of customer equity.

H2: "Third party funds have a significant effect on the return on equity (ROE)".

The Effect of Non-performing Financing (NPF) on the Return on Equity (ROE).

Non-performing financing, as defined by Rachman & Apandi (2015), occurs when there is a change in the repayment of funding, leading to delays in repayment. Moreover, non-performing finance represents a significant risk to the bank's bottom line relative to the overall amount of financing extended. Non-performing financing is the indicator utilized to determine default in this study (NPF). Non-performing finance (NPF), as defined by Munir (2018), is a measure of the proportion of outstanding bank loans that are not performing relative to the total amount of bank loans extended.

H3: "Nonperforming financing (NPF) has a significant and significant effect on the return on equity (ROE)".

Effect of Operational Efficiency on Return on Equity (ROE).

Meutiah (2017) measured the operational efficiency of a bank, one of the indicators used is the comparison between operating expenses and operating income. One indicator used to determine whether or not a bank is in a precarious financial position is the Operational Efficiency ratio, which compares operating expenses to operational income. A lower ratio indicates greater efficiency in the bank's operating expenses.

If Operational Efficiency decreases, the bank's income will increase. With an increase in bank income, the level of profit-sharing received by customers also increases, thus it can be said that the lower the Operational Efficiency, the higher the level of profit-sharing received by customers so that it will facilitate the return of equity.

H4: "Operational efficiency has a significant effect on the rate of return on equity (ROE)".

DATA AND RESEARCH TECHNIQUE ANALYSIS

This type of research uses quantitative secondary data with sample selection using purposive sampling. All data used are sourced from the annual reports of Islamic commercial banks for the 2014-2018 period which have been published by each bank. The sample criteria to be used are; "Sharia Commercial Banks that have been registered with the Financial Services Authority (OJK); Has published financial reports for the last five years in a row starting from 2014 to 2018; The financial statements present balance sheets and financial ratios with both negative and positive results". With the criteria used by the author, 11 banks could be used as data samples in this study, with a period of 5 (five) years, namely from 2014-to 2018. The number of Islamic Commercial Banks registered with the Financial Services Authority (OJK) is 14 banks, out of a total of 14 banks there are 3 (three) banks that do not have the required documents. So in total 11 banks can be sampled in this study within a 5 (five) year research period. so that the total amount of data used as the basis for this research is 55 data.

Data collection technique

The main step in the research is data collection techniques, namely to collect the data needed by the authors in this study. The data collection technique used in this research is the documentary method. This method is done by downloading and collecting financial report data. And the data used in this study are financial statements, namely only the balance sheet and financial ratios of Islamic banking during the 2014-2018 period, this data was obtained by accessing the official website of the Financial Services Authority (OJK) at www.ojk.go.id.

Operational Variable

Rate of Return on Equity

According to Nur and Nasir (2014), calculating a company's efficiency can be done by comparing the profit accessible to the owner of own capital with the quantity of own capital that produces the profit. This ratio is known as the return on equity (ROE). Another way of putting this is the firm's capacity to earn from the use of its invested capital, the profit that is calculated is operating profit after deducting taxes (earnings after-tax income). While the capital that is taken into account is only the working capital (equity) that works in a company. The owner of the bank is more interested in how much the bank's ability to earn a return on the capital he invests. The rationale is because shareholders and capital market investors paying attention to the bank's stock price pay close attention to this ratio. The percentage of net income returned as a percentage of shareholders' equity (ROE) measures how well a bank does at allocating its capital resources to generate profits. When profits increase, banks are in better shape and can pay out more in dividends or save more money for expansion.

Return on equity (ROE) is the ratio between profit after tax to total equity (equity) derived from the owner's capital deposit, unshared profit, and other reserves owned by the company. The higher the ROE indicates the more efficient the bank uses its capital to generate profits or net profits (Rahmani, 2017).

$$\text{ROE} = \frac{\text{Net Profit After Tax}}{\text{To. Capital}} \times 100\%$$

Third party funds

Deposits, savings accounts, and demand deposits are all examples of third-party monies that the public has entrusted to financial institutions in accordance with deposit agreement contracts. The following is a possible structure for the use of third-party funding: (Aziza & Mulazid, 2017).

$$\text{Third party funds} = \text{Current Acc} + \text{Deposit} + \text{Savings}$$

Troubled Financing

Not all financing distributed to the public is categorized as healthy, but some of them are financing that has poor quality or problems, whereas non-performing financing is a phenomenon that often occurs in the world of Islamic banking because one of the main activities of Islamic banking comes from the distribution of financing.

To find out the measurement ratio, non-performing financing (NPF), (Annisa & Fernanda, 2017) wrote the NPF ratio as follows:

$$\text{NPF} = \frac{\text{Troubled Financing}}{\text{Total Financing}} \times 100\%$$

Operational Efficiency

A bank's operational efficiency can be defined as the effectiveness with which it manages the production factors. Saving money on administrative expenses is a surefire way to boost a bank's bottom line. A bank's operational efficiency can be measured by comparing its operating costs to its operating income. Operational costs and operating income can be formulated as follows (Zulifah & Susilowibowo, 2014).

$$\text{Operational efficiency} = \frac{\text{Total Income Expense}}{\text{Total Income}} \times 100\%$$

Data analysis technique

The data analysis technique used was determined based on the type of research chosen by the researcher. The data analysis method in this study uses a test, namely: a descriptive statistical test, classical assumption test, hypothesis testing, and multiple linear regression test. This study uses the SPSS for windows version 24.0 program for data processing.

Analysis using multiple linear regression. Validity and reliability tests were carried out at an early stage. The data analysis stage starts from the classical assumption test which consists of normality test, multicollinearity, and heteroscedasticity testing. The next step is to perform a multiple linear regression analysis, testing the coefficient of determination, f-test (simultaneous), and t-test (partial).

RESULT AND DISCUSSION

Descriptive Statistics Test

Tabel 1. Descriptive Statistics Test

			Mini mum	Maxi mum	Me an	Std. Deviation
funds	Third party		11289	874718	180300	21991006,
		5	08,00	43,00	55,31	92
	NPF		22,00	2489,00	662,054	536,57533
		5			5	
I Efficiency	Operationa		6236,	21740,0	9713,72	2164,5181
		5	00	0	73	5
	ROE		-	3650,00	155,327	1957,7203
		5	9401,00		3	6
Valid N						
(listwise)		5				

Source: SPSS Version 24. Processed Data

Based on the table above, it can be seen that the amount of data used is 55 data (annual Financial Reports, on Islamic Commercial Banks, registered with the Financial Services Authority

for 5 years of research, namely the period 2014-2018). "The third-party funds variable has a minimum value of 1128908.00 which is found at Bank Victoria Syariah in 2015 and a maximum value of 87471843.00 is found at Bank Syariah Mandiri in 2018. While the mean or average value shows the number 18030055.31 and the standard deviation of 21991006.92. The non-performing financing variable (NPF) has a minimum value of 22.00, which is found at Bank BCA Syariah in 2014 and a maximum value of 2489.00 is found at Bank Jabar Banten Syariah in 2017. While the mean or average value shows the number 662, 0545, and a standard deviation of 536.57533. The operational efficiency variable has a minimum value of 6236.00 which is found in the National Sharia Pension Savings Bank in 2018 and a maximum value of 21740.00 there is Panin Dubai Syariah Bank in 2017. While the mean or average value shows 9713,7273 and a standard deviation of 2164.51815". While the dependent variable, namely the rate of return on equity (ROE) has a minimum value of -9401.00 which is found in the Panin Dubai Syariah Bank in 2017, and the maximum value of 3650.00 is found in the Syariah National Pension Savings Bank in 2017. While the mean or the average shows the number 155.3273 and the standard deviation is 1957.72036.

Hypothesis test

t-statistic test

Tabel 2. t-statistic test

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
(Constant)	7275,995	103,419			71,000	,
Third party funds	7,058E-6	,000	,079		1,621	,111
NPF	-,872	,235	-,239		-3,717	,001
Operational Efficiency	-,687	,058	-,759		-11,811	,000
a. Dependent Variable: ROE						

Source: SPSS Version 24 Processed Data

Effect of Third-Party Funds, Non-performing Financing, and Operational Efficiency on Return on Equity

The results of the F test simultaneously can be seen that all independent variables (Third party funds, NPF, and Operational Efficiency) together affect the return on equity (ROE) of Islamic Commercial Banks by showing significant results. This is indicated by the Fount value of 129.132 which is greater than the Ftable of 2.79 with a significant level of 0.000 which is smaller than 0.05.

Effect of Third-Party Funds on Return on Equity

Variable X1 (Third party funds) has a count of 1.621 and a t-table of 2.00758 ($1.621 < 2.00758$) with a significant level of ($0.111 > 0.05$). Thus, it can be concluded that Third party funds have no effect and is not significant on ROE.

Effect of Non-performing Financing on the Return on Equity

It can be seen from the results of the t-test that the NPF has a count of -3.717 and a t-table of 2.00758 ($3.717 > 2.00758$) with a significant level of $0.001 < 0.05$. Thus, it can be concluded that NPF has an effect and is significant on ROE.

Effect of Operational Efficiency on Return on Equity

Based on the results of the t-test that the X3 Operational Efficiency variable has a count of -11.811 and a t-table of 2.00758 ($11.811 > 2.00758$) with a significant level of $0.000 < 0.05$. Thus, it can be concluded that Operational Efficiency has an effect and is significant on ROE.

CONCLUSIONS & SUGGESTIONS

Conclusion

The results of this research show that the return on equity of Islamic Commercial Banks is considerably and concurrently impacted by third-party funding, non-performing financing, and operational efficiency. Islamic commercial banks' ROE is unaffected by and not significantly impacted by third-party funds. Return on equity for Islamic commercial banks is significantly and negatively impacted by non-performing financing. Islamic commercial banks' ROE is influenced in part by how well businesses run their operations.

Suggestion

Suggestions for further research should use other variables because there are still 12.3% of other variables or variables outside Third party funds, Non-performing, and Operational Efficiency that affect the return on equity of Islamic Commercial Banks. Further research can include different variables and have a greater contribution to influencing third-party funds, non-performing financing, and operational efficiency on the rate of return on equity. Sharia Commercial Banks are expected to be able to optimize their roles and functions, namely as collectors and distributors of funds to the community, so that people are more interested in Islamic banking than conventional banks because it is possible that Islamic banking will become one of the banks that are in great demand among the public in the future. For further researchers, because this research is only based on empirical studies, further research is expected to use case studies (which go directly to the field), so that the data presented can be accompanied by actual evidence that occurs in the field.

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