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ROLE OF BANKING FINANCIAL PERFORMANCE EARNINGS TO GROWTH IN RURAL BANKS (BPR CASE STUDY IN YOGYAKARTA YEAR 2014-2018)

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Abstract

As the rapid development of the bank, of course, also led to intense competition among banks, such as the determination of bank interest rates. This has created a dynamic market conditions so require banks to work more effectively and efficiently in order to maintain its role in the national banking system. Businesses do this bank automatically stimulate the growth of bank profits, The purpose of this study is untuk know how to influence the Capital Adequacy Ratio (CAR), Non Performing Loan (NPL), the operating expense to operating income ratio (ROA), and Loan to Deposit Ratio (LDR) to the Growth Net profit at Private Bank for 2014 until 2018.

This research uses descriptive quantitative research Secondary data analysis conducted using the data BPR Yogyakarta in December 2019. The study population was BPR Yogyakarta using data from 2014 to 2018 year. Analysis of the data used is desktiptif- comparative statistics, which is a data analysis technique by describing or describes the data that has been collected.

The role of capital adequacy of banks in running the business substantially affect profit growth, the Non Performing Loans (NPL) is partially significant and negative impact on profit growth, and Operating Expenses / Operating Income (ROA) is partially significant and negative effect.

Keywords : Financial Performance, Profit Growth, Rural Bank Yogyakart

BACKGROUND

Bank is a financial institution that has a role in the financial system in Indonesia. Understanding bank according to Law 7 of 1992 concerning Banking as amended by Act No. 10 1998 in article 1 paragraph 2, the bank is an entity that collects funds from the public in the form of savings and channel them in the form of loans or other forms, in order to improve the standard of living of the people. Through the activities of credit and various services rendered, serve the financing needs of banks and facilitate the payment system for all sectors of the economy.

As the rapid development of the bank, of course, also led to intense competition among banks, such as the determination of bank interest rates. This has created a dynamic market conditions so require banks to work more effectively and efficiently in order to maintain its role in the national banking system. Businesses do this bank automatically stimulate the growth of bank profits.

Based on the graph average profit growth of the Bank, net income was printed in 2014 was Rp. 11 735 billion, or jump by 19.48% from2013. In 2015, net profit decreased 59.02% which is printed in the amount of Rp. 4,809 Billion. But in the next year ie 2016 net profit of Rp printed. 14 206 which means there is a significant increase from the previous year.

Based on the data above where profit continues to change and also to determine the effect of the factors that affect it and are aware of the role of banks in the economy of the country, the researchers are interested in doing research, entitled "The Role of Financial Performance Banking on Growth Profit On Rural Bank (A Case Study RB Yogyakarta Year 2014-2018).

METHOD

This research uses descriptive quantitative research Secondary data analysis conducted using the data BPR Yogyakarta in December 2019. The study population was BPR Yogyakarta using data from 2014 to 2018 year. Analysis of the data used is desktiptif- comparative statistics, which is a data analysis technique by describing or describes the data that has been collected. Data used in this research is secondary data such as the annual financial statements of BPR in Yogyakarta, namely from December 31 2014 through December 31, 2018. The data is required in this study is a historical secondary data, where the data obtained from the Rural Bank Financial Statements Yogyakarta.

RESULTS

Variable Adequacy Ratio (CAR) is partially significant and positive effect on Profit Growth In Yogyakarta BPR study period 2014-2018. This proves that the bank's capital adequacy role in running the business substantially affect profit growth.

Variable Non Performing Loans (NPL) is partially significant and negative impact on Profit Growth In Yogyakarta BPR study period 2014-2018.

Variable Operating Costs / Operating Income (ROA) is partially significant and negative impact on earnings in the RB Yogyakarta pertumbuahan study period 2014-2018. The higher the ratio BOPO it can be said that the bank operations are inefficient. Vice versa the lower the ROA ratio of the bank operations will be more efficient. When all the activities carried out bank run efficiently, the profits to be gained is also getting bigger, which in turn will improve the bank's financial performance.

Variable loan to deposit ratio (LDR) is partially significant and positive effect on Profit Growth In Yogyakarta BPR study period 2014-2018. Thus the liquidity levels affect the bank's financial performance. Keep in mind that the more optimal level of bank liquidity, then the third party funds would be channeled into the larger credit. With the growing amount of credit granted, the profits to be obtained is also getting bigger. So that the bank's financial performance will improve.

Ratio to measure the financial performance of banks, among others, the Capital Adequacy Ratio (CAR), Non Performing Loan (NPL), Operating Expenses to Operating Income

(ROA), and Loan to Deposit Ratio (LDR) simultaneously affect profit growth at BPR Yogyakarta study period 2014 -2018.

DISCUSSION

From the calculation of the partial test significance value of 0.002. Due to the significant value of less than 5% and amounted to 3.231 CAR t> t table amounted to 1.671, then the hypothesis is accepted, which means there is significant influence between variable CAR to variable berniai profit growth and positive influence. Because CAR is an indicator of the ability of banks to offset a decline in its assets as a result of bank losses caused by risky assets, then the intensity of the CAR of a bank, will affect the performance and ability of banks to implementing operational activities. Strong capital will increase the confidence of customers to the bank's performance. And this will have an impact on corporate profit growth. The higher the value of a bank's CAR, the ability to improve the performance of the company will be better, so that corporate profits will increase. But if on the contrary the lower the value of a bank's CAR, then it will be difficult to sustain its performance capabilities, and corporate profits will decline. Another thing that causes CAR effect on bank earnings growth is able to cover the risk of the value so it would not suffer losses.

The results of this study are also consistent with studies Hapsari (2005), Aini (2006), and Sintya (2010) that the CAR has a positive and significant impact on profit growth.

From the calculation of the partial test significance value of 0.001. Because of the significant value of less than 5% and the value of $t_{arithmetic}$NPLs amounting to -3.333 <ttable -1.671, then the hypothesis is accepted, which means there is significant influence between the variables of NPLs to variable profit growth and the effect is worth the negative. This means that if a bank's high NPL conditions will increase both cost allowance productive assets and other costs, so the potential for losses in other words, lowering the bank's profit growth. It is also consistent with studies conducted Teddy Rahman (2009) NPL partial and negative effect on the dependent variable (profit growth).

From the calculation of the partial test significance value of 0.022. Due to the significant value of <5% and the value of $t_{arithmetic}$BOPO of -2.361 <ttable -1.671, then the hypothesis is accepted, which means there is significant influence between the variables BOPO to variable profit growth. This means that the level of operational efficiency effect on earnings growth. Then BOPO influence on Profit Growth negative worth. This can be explained from the process efficient productivity will increase the output of the company, and of course will drive the company's earnings. The smaller the number ratio of ROA, the better the condition of the bank due to the increase in revenue from period to period will increase the bank's profit growth.

This result is also supported by research Aini (2006) who found no effect of BOPO with profitability in banking companies listed in Indonesia Stock Exchange. Then from the results of research conducted Sintyia (2010) which found no significant influence of ROA with profit growth. Thus, the results of this study support the research conducted by Aini and Sintya.

From the calculation of the partial test significance value of 0.009. Due to the significant value of <5% and the value of $t_{arithmetic}$LDR amounted to 2.706> ttable of 1.671, then the hypothesis is accepted, where there is significant influence between LDR variable to variable profit growth. And the effect of LDR is positive to earnings growth.

On the other hand, the high LDR condition can be interpreted that if the provision of credit to the public is increasingly high, it will affect the company's profit growth in banking. Because one of the sources of profit (profit) is derived from bank loans. Thus the high and low LDR can also affect profitability, high LDR means the supply of credit, higher and higher, so it will lead to increased profits. But if on the contrary, declined credit loans followed by low ability to pay its obligations, then the growth of corporate profits will fall (Hasibuan 2004: 100). The explanation of a recent study that there is a significant and positive influence between LDR and profit growth. This study is also consistent with the results of research Aini (2006), Hapsari (2005),

CONCLUSION

The role of capital adequacy of banks in running the business substantially affect profit growth, the Non Performing Loans (NPL) is partially significant and negative impact on profit growth, and Operating Expenses / Operating Income (ROA) is partially significant and negative effect

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