

UDC 336

THE EFFECT OF CREDIT, CAR AND BOPO ON PROFITABILITY WITH THIRD PARTY FUNDS AS MODERATION IN COMMERCIAL BANKS IN INDONESIA, 2017-2021

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ABSTRACT

Banking is a financial institution that has an important role to improve the economy of a country. The banking sector is closely related to the Indonesian economy even in the daily life of modern society, most of which involve services from the banking sector. The purpose of this study is to analyze the effect of credit, CAR and BOPO on ROA simultaneously and partially with DPK as a moderating variable at Commercial Banks for the period 2017 to 2021. This research was conducted at Commercial Banks, namely Bank Mandiri, Bank BRI, Bank BCA, Bank BNI, Bank BTN, Bank CIMB NIAGA, Bank Permata and Bank OCBC NISP. The data used is from the first quarter of 2017 to the fourth quarter of 2021 with a total of 160 observations. The data analysis technique used is Moderated Analysis Data with Eviews 12. Based on the results of the study, it shows that Simultaneous Lending, CAR and BOPO have a significant effect on ROA. Partially Credit Distribution has a positive and significant effect, CAR has an insignificant positive effect and BOPO has a significant negative effect on profitability in Commercial Banks in Indonesia for the period 2017 (I) to 2021 (IV). And the results of this study also state that Third Party Funds can moderate the effect of Credit Distribution and BOPO on profitability, while DPK cannot moderate the Capital Adequacy Ratio on profitability at Commercial Banks in Indonesia for the period 2017 (I) to 2021 (IV).

KEY WORDS

Credit, capital adequacy ratio, BOPO, ROA, third party funds.

Good development of the financial sector can strengthen the country's economy. The banking sector is closely related to the Indonesian economy even in the daily life of modern society, most of which involve services from the banking sector. According to RI Law No. 10 of 1998 concerning Banking, a bank is a business entity that collects funds from the public in the form of savings and distributes them back to the public in the form of credit or other forms in order to improve the standard of living of the community. Banks are intermediary institutions between parties with excess funds (surplus units) and those with a shortage of funds (deficit units). Parties with excess funds either keep their excess funds in the bank in the form of checking accounts, savings or time deposits according to their needs and preferences (Suseno and Piter, 2003).

The very important function of banking will certainly spur banks to increase their competitiveness so that public confidence in saving and borrowing also increases. Performance appraisal is an important factor for banks to see whether the performance of the bank concerned is running well or not. In general, the financial performance of a bank can be seen from its financial reports which come from calculating its financial ratios (Nugroho, 2011). Whether a company or banking is healthy or not, can be seen from its financial performance, especially its profitability performance in a banking company (Prastiyaningtyas, 2010). The ability to generate profits in a certain period or better known as profitability, can be used to determine how effective and efficient the size used by the company is on banking performance (Munawir, 2007).

Following the rules of Bank Indonesia, this study uses Return On Assets (ROA) as a proxy for profitability because Bank Indonesia prioritizes the value of a bank's profitability as measured by assets whose funds mostly come from public savings (Dendawijaya, 2001). If Return On Assets (ROA) increases, it means that the profitability of the company has also

increased (Triatyati and Husnan, 2004). The following is the growth rate of Return On Assets at Commercial Banks.

Table 1 – ROA Growth Rate at Commercial Banks for the 2017-2021 Period (In Percent)

Bank Name	<i>Return On Asset</i>				
	2017	2018	2019	2020	2021
Bank BRI	3.69	3.68	3.5	1.98	2.72
Bank Mandiri	2.72	3.17	3.03	1.64	2.53
Bank BNI	2.75	2.78	2.42	0.54	1.43
Bank BCA	3.89	4.01	4.02	3.32	3.41
Bank BTN	1.71	1.34	0.13	0.69	0.81
CIMB NIAGA	1.67	1.74	1.86	1.06	1.75
Bank Permata	0.61	0.78	1.3	0.97	0.73
OCBC NISP	1.96	2.1	2.22	1.47	1.55
Average	2.37	2.45	2.31	1.45	1.86

Source: *Financial Services Authority, 2022.*

Based on Table 1, it shows that the average value of Return On Assets of Commercial Banks over the past five years has fluctuated from 2.37 percent in 2017 to 1.45 percent in 2020, then again increased to 1.86 percent in 2021. Increase ROA from year to year shows that there has been an increase in banking performance in general in Indonesia, this increase in profitability is supported by the growth of credit portfolios that have recorded an increase. ROA has started to decline or weaken in 2020, but there are a number of banks that are still above the minimum standard of 1.5%. The decline in profitability was caused by the decline in the ability of banks to generate profits, along with weak global demand, which was caused by increasing global economic uncertainty so that the function of banks as intermediaries had not fully recovered.

There are several factors that affect the profitability of the Bank, namely total loan distribution, Capital Adequacy Ratio and BOPO. The main purposes of giving credit include seeking profit, helping customer businesses, and helping the government (Kasmir, 2008). The more credit that is disbursed or given, the greater the profit will be so that it is able to maintain continuity and at the same time enlarge existing businesses (Kasmir, 2010: 102). Meanwhile, according to Ismail (2010) that not all credit distribution will provide benefits again, because often the return on credit that is distributed does not go smoothly.

The second factor is the Capital Adequacy Ratio or capital adequacy. The level of capital adequacy is one of the internal determinants of a bank's performance. The level of capital adequacy in this study is measured by the Capital Adequacy Ratio (CAR) because CAR is an indicator of the soundness of bank capital, to measure the adequacy of bank capital to support assets that contain or generate risks such as financing provided (Sukma and Wiagustini, 2017). Based on Bank Indonesia regulation No.15/12/PBI/2013, the minimum capital that must be owned by a bank is 8%.

Table 2 – CAR Rates at Commercial Banks in Indonesia for the 2017-2021 Period (Percent)

Bank Name	<i>Capital Adequacy Ratio</i>				
	2017	2018	2019	2020	2021
Bank BRI	22.95	21.2	22.55	20.6	25.28
Bank Mandiri	21.64	20.96	21.38	19.89	19.6
Bank BNI	18.52	18.5	19.73	16.78	19.74
Bank BCA	23.06	23.38	23.79	25.83	24.52
Bank BTN	18.86	18.2	17.31	19.33	19.13
Bank CIMB NIAGA	18.22	19.2	20.91	21.23	22.29
Bank Permata	18.11	19.43	19.88	35.67	34.93
Bank OCBC NISP	17.5	17.62	19.1	21.97	22.94
Average	19.85	19.81	20.58	22.66	23.55

Source: *Financial Services Authority, 2022.*

Based on Table 2, it shows that the Capital Adequacy Ratio or capital adequacy at commercial banks in Indonesia tends to fluctuate from 2017 to 2021. The capital adequacy of commercial banks in this study shows that the capital adequacy of commercial banks in this study is above the average value that has been determined by Bank Indonesia, namely 8%.

The third factor is operational efficiency. In addition, the bank earns a large income. Banks also have fees that are incurred regularly. This fee is used to expedite the bank's operational activities. Costs that exceed income will produce problems if left unchecked, the bank will not be productive in generating profits. According to (Dendawijaya, 2009), Operating Expenses Against Operating Income is an efficiency ratio used to measure the ability of bank management to control operational costs to operating income. Operational efficiency is carried out by the bank in order to find out whether the bank has used all its production factors efficiently and effectively. When viewed as a whole from each commercial bank for the last five years from 2017 to 2021.

In this study the authors develop third party funds as a moderating variable. Third Party Funds are the largest source of funds that most banks rely on (Dendawijaya, 2005:84). After collecting funds from the wider community, bank activities are channeling these funds back to people who need them, in the form of loans or better known as credit (Kasmir, 2011: 65). The importance of customer deposits or Third Party Funds indicates that the activities carried out by banks require public funds (Kuncoro and Suhardjono, 2011:68). According to Kasmir (2012) Third Party Funds (DPK) are funds originating from the wider community, an important source for bank operational activities and as a measure of the success of a bank if the bank can bear its operating costs from this source of funds. Third Party Funds have the largest contribution from several sources of funds, with public trust in banks, bank performance and liquidity are getting better.

METHODS OF RESEARCH

This study was to examine the effect of lending, Capital Adequacy Ratio and Operating Expenses Operating Income (BOPO) on the Profitability of Banks with Third Party Funds as a moderating variable at Commercial Banks for the period 2012 to 2021. This research was conducted at Commercial Banks, namely Bank Mandiri, Bank Rakyat Indonesia (BRI), Bank Central Asia (BCA) and Bank Negara Indonesia (BNI), State Savings Bank (BTN), Bank CIMB NIAGA, Bank Permata and Bank OCBC NISP. The determination of Commercial Banks as research sites taking into account that banking companies have a very important role in the economy in Indonesia as well as Commercial Banks that have quite a lot of customers in Indonesia. This study uses data from the first quarter of 2017 to the fourth quarter of 2021. So that the total data used in this study is 160 observations.

Table 3 – Operational Definition of Research Variables

Variable	Variable Definitions	Measurement	Measurement Scale
<i>Return on Asset</i> (Y)	The ability of assets owned by the bank to generate profits.	$ROA = \frac{\text{Net Profit}}{\text{Total Assets}} \times 100\%$	Percent
Credit Distribution (X1)	Provision of money or bills that can be equated with it, based on a loan agreement or agreement to pay off the debt after a certain period of time with compensation or profit sharing.	Total credit given or disbursed to debtors	Rupiah
<i>Capital Adequacy Ratio</i> (X2)	CAR is a capital adequacy ratio that serves to accommodate the risk of loss that may be faced by a bank.	$CAR = \frac{\text{Owner's Equity}}{\text{ATMR}} \times 100\%$	Percent
BOPO (X3)	Financial ratios that show banking efficiency in its operational activities.	$BOPO = \frac{\text{Operating Costs}}{\text{Operating Income}} \times 100\%$	Percent
Third-party Funds (Z)	Funds collected from the public in the form of current accounts, savings, time deposits.	The total of all funds from the public consisting of demand deposits, savings and time deposits.	Rupiah

This study uses secondary data obtained from Financial Services Authority (OJK) Financial Statements and Financial Statements of Bank Mandiri, Bank Rakyat Indonesia, Bank Central Asia, Bank Negara Indonesia, Bank Tabungan Negara, Bank CIMB NIAGA, Bank Permata and Bank OCBC NISP. The independent variables in this study are Credit Distribution (X1), Capital Adequacy Ratio (X2) and Operating Expenses to Operating Income (X3). The dependent variable in this study is Return On Assets (Y). The moderating variable in this study is Third Party Funds (Z).

The data collection method used in this study is a non-participant observation method. The analysis technique used in this research is panel data moderation regression which is a combination of time series data with cross section. According to Ghazali (2018), moderation regression analysis aims to find out whether the moderating variable will strengthen or weaken the relationship between the independent variables and the dependent variable. The following regression equation is tested using a moderator effect in the form of a moderating variable, namely:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4Z + \beta_5(X_1*Z) + \beta_6(X_2*Z) + \beta_7(X_3*Z) + e \dots\dots\dots(1)$$

Where:

- Y = Profitability;
- α = Constanta;
- $\beta_1, \beta_2, \beta_3, \beta_4$ = Regression Coefficient;
- X1 = Credit Distribution;
- X2 = *Capital Adequacy Ratio*;
- X3 = BOPO;
- Z = Third-party Funds (TPF);
- X1*Z = Interaction between Credit Distribution and TPF;
- X2*Z = Interaction between Capital Adequacy Ratio and TPF;
- X3*Z = Interaction between BOPO and TPF;
- $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7$ = Regression Coefficient;
- ϵ = error term.

RESULTS AND DISCUSSION

Following are the results of descriptive analysis, the variables Return On Assets (Y), Lending (X1), Capital Adequacy Ratio (X2), Operational Efficiency (X3) and Third Party Funds (Z), are as follows:

Table 4 – Descriptive Statistical Test Results

	Minimum	Maksimum	Mean	Std. Deviasi
ROA	0.13	4.02	2.139625	0.982674369
CREDIT	80,372,973	943,702,693	391,558,461	273,908,699
CAR	16.07	35.67	20.53625	3.420718
BOPO	54.15	98.31	77.1581875	9.980151174
TPF	93,227,338	1.127,848,716	454,876,840	320,506,276
Total Observation	160	160	160	160

Source: *Secondary Data, 2022.*

Table 4 shows the results of the Statistical Descriptive Test on the variable Return On Assets (Y) indicating that Bank BTN obtains a minimum value of 0.13 percent where the acquisition of Return On Assets is less than the ROA standard determined by Bank Indonesia, which is 1.5%. so that it is categorized as unhealthy, while Bank BCA obtains a maximum value of more than the standard ROA of 4.02 percent, with an average value of 2.13 percent and Std. deviation of 0.98 percent. The variable Credit Distribution (X1) shows that Bank Permata obtains a minimum value of IDR 80,372,973 trillion, while Bank BRI has a

maximum value of IDR 943,702,693 trillion, with an average value of IDR 391,558,461 trillion and Std. deviation of IDR 273,908,699 trillion.

The Capital Adequacy Ratio variable (X2) shows that Bank BNI obtains a minimum value of 16.07 percent where the CAR obtained exceeds the CAR standard determined by the Financial Services Authority, which is 8%, while Bank Permata obtains a maximum value of 35.67 percent. but the determination of the capital greatly exceeds the standard of 8% so that from the amount of capital saved, the bank is not effective in making productive asset turnover. With an average value of 20.53 percent and Std. deviation of 3.42 percent. The BOPO variable (X3) shows that Bank BCA obtains a minimum score of 54.15 percent where the acquisition of BOPO is below the standard set by Bank Indonesia, namely 94%, while Bank Permata obtains a maximum value of 98.31 percent where the acquisition has exceeded the standard. the maximum BOPO is 97% so it is categorized as unhealthy. With an average value of 77.15 percent and Std. deviation of 9.98 percent. The Third Party Fund variable (Z) shows that Permata Bank obtains a minimum value of IDR 93,227,338 trillion, while BRI Bank obtains a maximum value of IDR 1,127,848,716 trillion, with an average value of IDR 454,876,840 and Std. deviation of 320,506,276 trillion.

Panel data regression was carried out to test which model was the most appropriate and selected in the research being conducted. In this stage there are three types of regression models that will be used, namely the simple approach (Common Effect Model), the fixed effect approach (Fixed Effect Model) and the random effects approach (Random Effect Model), the test results of the three models are as follows:

Table 5 – Common Effect Model Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8.684332	0.446690	19.44154	0.0000
X1	4.102042	5.502520	7.454843	0.0000
X2	-0.015844	0.009098	-1.741379	0.0836
X3	-0.083535	0.004764	-17.53487	0.0000
Z	-5.601264	1.230255	-4.552928	0.0000
X1Z	-4.743771	3.500141	-0.135531	0.8924
X2Z	1.184829	2.733005	4.335264	0.0000
X3Z	1.600266	9.903719	0.161582	0.8718

Based on the CEM test results in Table 5, it shows that the credit, BOPO, DPK and Moderation II (CAR_DPK) variables have a significant effect on profitability while the CAR, Moderation I (Kredit_DPK) and Moderation III (BOPO_DPK) variables have no significant effect on profitability.

Table 6 – Fixed Effect Model Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	9.728317	0.472433	20.59193	0.0000
X1	2.526485	6.146417	4.110500	0.0001
X2	0.047876	0.029918	1.600246	0.1117
X3	-0.087492	0.005792	-15.10449	0.0000
Z	4.755538	8.703274	5.464079	0.0000
X1Z	1.215858	8.606464	1.412727	0.0015
X2Z	4.103364	1.743731	2.353208	0.0699
X3Z	-1.693286	5.250572	-0.322496	0.0475

Based on the results of the FEM test in Table 6, it shows that the credit variables, BOPO, DPK, Moderation I (Kredit_DPK) and Moderation III (BOPO_DPK) have a significant effect on profitability while the CAR variable, Moderation II (CAR_DPK) have no significant effect on profitability.

Table 7 – Random Effect Model Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8.684332	0.244900	35.46075	0.0000
X1	4.102042	3.016784	13.59740	0.0000
X2	-0.015844	0.004988	-3.176220	0.0018
X3	-0.083535	0.002612	-31.98305	0.0000
Z	-5.601264	6.744936	-8.304398	0.0000
X1Z	-4.743771	1.918970	-0.247204	0.8051
X2Z	1.184829	1.498383	7.907385	0.0000
X3Z	1.600266	5.429764	0.294721	0.7686

Based on the REM test results in Table 7, it shows that the variables Credit, CAR, BOPO, Third Party Funds, and Moderation II (CAR_DPK) have a significant effect on profitability while Moderation I (Kredit_DPK) and Moderation III (BOPO_DPK) have no significant effect on profitability.

To find out the correct estimation model to use in this study, it is necessary to carry out several tests, namely, the Chow test, the Hausman test, and the Lagrange Multiplier test. The following is the model selection test, which is as follows:

Table 8 – Chow Test Results

Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	51.526130	(7,145)	0.0000
Cross-section Chi-square	199.868171	7	0.0000

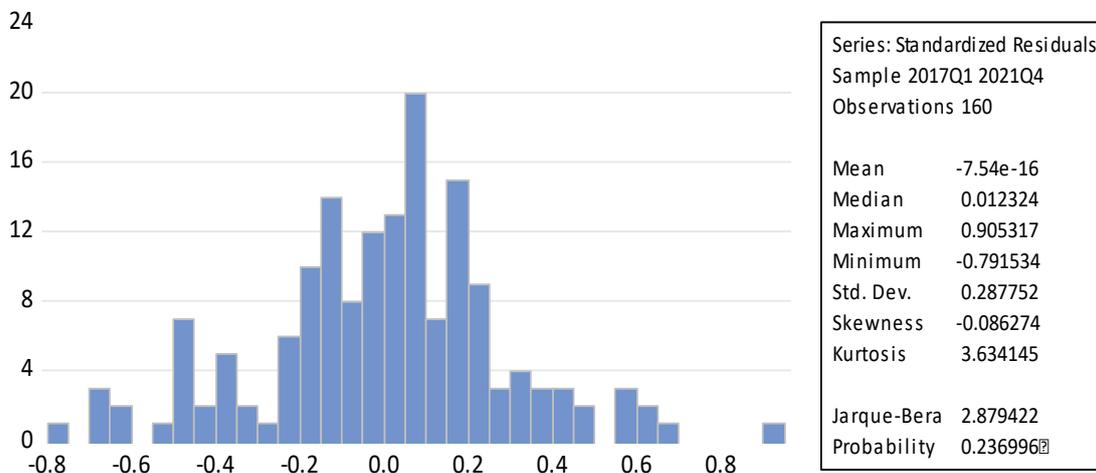
Based on Table 8, it shows that the probability value of the cross-section F is 0.0000, these results indicate that the probability value is less than 0.05, so H0 is rejected and the best model chosen is the Fixed Effect Model.

Table 9 – Hausman Test Results

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	360.682910	7	0.0000

Table 10 – Normality Test Results



From the results of the Hausman test in Table 9, it shows that the random cross-section probability value is 0.0000. These results indicate that the probability value is less than 0.05, so H_0 is rejected and the best model chosen is the Fixed Effect Model. Based on the results of the model test, namely the Chow test and Hausman test that the Fixed Effect Model is the right model used in this study because in this study it uses a dummy variable technique to capture differences in intercepts between companies.

Based on the results of the normality test in Table 10, the Jaquera-Bera value is 2.879422 with a probability value of 0.237 greater than 0.05, so it can be concluded that the data is normally distributed.

Table 11 – Heteroscedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.776775	0.442629	-1.754911	0.0814
X1	8.476935	5.758660	1.472033	0.1432
X2	0.002714	0.006105	0.444466	0.6574
X3	0.007669	0.005427	1.413164	0.1598
Z	1.376890	8.154213	1.688563	0.0935
X1Z	-7.774841	4.919330	-1.580467	0.1162
X2Z	-5.704021	1.633725	-0.349142	0.7275
X3Z	-1.107618	8.063510	-1.373619	0.1717

Based on Table 11 shows that the probability values of the independent variables Credit (X1), CAR (X2), BOPO (X3), DPK (Z), Moderation I (X1Z), Moderation II (X2Z), Moderation III (X3Z) with a prob value of each variable is greater than 0.05. So it can be concluded that the data is free from violations of the heteroscedasticity assumption.

Table 11 – Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.199532	497.6124	NA
X1	0.076720	123.2677	1.052017
X2	0.068987	46.94059	1.018644
X3	0.029453	9.343516	1.452034
Z	0.179590	222.7470	1.499960
X1Z	0.012417	4.687741	3.016838
X2Z	11.43516	1.207047	1.190166
X3Z	7.744942	528.7607	2.441960

The Contered Variance Inflation Factor (VIF) value indicates that none of the independent variables has a VIF value of more than 10, so there is no multicollinearity between the independent variables in the regression model.

Table 12 – Autocorrelation Test Results

R-squared	0.981788	Mean dependent var	2.139625
Adjusted R-squared	0.980030	S.D. dependent var	0.982674
S.E. of regression	0.138868	Akaike info criterion	-1.021523
Sum squared resid	2.796235	Schwarz criterion	-0.733225
Log likelihood	96.72183	Hannan-Quinn criter.	-0.904455
F-statistic	558.3421	Durbin-Watson stat	1.835582
Prob(F-statistic)	0.000000		

From the output of the autocorrelation test in Table 12, it shows that the DW value is 1.835582 while the dL value in the Durbin Watson table is 1.7035 and the dU value is 1.7798

with a k value of 3, because the Durbin Watson value lies between 1.7798 (dU) and 2.2202 (4-du) thus ensuring that there is no autocorrelation.

The moderation variable test used in this study is the interaction test. A regression model using interaction tests between variables is often called Moderated Regression Analysis (Suyana Utama, 2016: 149). The following are the results of the Moderated Regression Analysis test, namely:

Table 13 – Moderate Regression Analysis (MRA) Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	9.728317	0.472433	20.59193	0.0000
X1	2.526485	6.146417	4.110500	0.0001
X2	0.047876	0.029918	1.600246	0.1117
X3	-0.087492	0.005792	-15.10449	0.0000
Z	4.755538	8.703274	5.464079	0.0000
X1Z	1.215858	8.606464	2.353208	0.0015
X2Z	4.103364	1.743731	1.412727	0.0699
X3Z	-1.693286	5.250572	-2.322496	0.0475
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.981788	Mean dependent var	2.139625	
Adjusted R-squared	0.980030	S.D. dependent var	0.982674	
S.E. of regression	0.138868	Akaike info criterion	-1.021523	
Sum squared resid	2.796235	Schwarz criterion	-0.733225	
Log likelihood	96.72183	Hannan-Quinn criter.	-0.904455	
F-statistic	558.3421	Durbin-Watson stat	1.835582	
Prob(F-statistic)	0.000000			

The coefficient of determination Adjusted R-squared is 0.981, this means that the contribution of Lending, Capital Adequacy Ratio and BOPO to Return on Assets is 98.1% because other variables are constant or do not vary so that the remaining 1.9% is influenced by other variables that not used in this study. The results of the F test show the Prob value (F-statistic) which is 0.000000 < 0.05, this shows that together the variables Credit Distribution, Capital Adequacy Ratio and Operational Efficiency have a significant effect on Profitability in Commercial Banks in Indonesia for the 2017-2021 period.

Based on the results of the analysis, it shows that lending has a positive and significant effect on Return On Assets at Commercial Banks in Indonesia for the period 2017 (I) to 2021 (IV). This means that the higher the credit disbursed by each bank, the resulting profitability also increases, because the biggest profit the bank gets is from the credit interest rate. Based on the phenomenon in 2020, it shows that the distribution of credit has problems and has experienced a slight decline, where the management of accounts receivable turnover is ineffective, resulting in high credit risk so that bank profitability has decreased. This was caused by the COVID-19 Pandemic in 2020, so that in the midst of a pandemic, the main challenge faced by banks is to maintain the continuity of bank operations, one of which is the quality of financing. However, the COVID-19 Pandemic had a major impact on the Bank's financial performance where there were defaults from customers which caused the level of profitability at the bank to decrease. The results of this study are in line with the research of Ramadhany, et al (2017), Romdoni, et al (2022) which shows that lending has a positive and significant effect on profitability at Bank Rakyat Indonesia (BRI). Prastia, et al. (2022) shows that for 10 years the provision of credit has had a positive effect on profitability. Research from Savitri and Diananingsih (2016), Asriani, et al (2019), shows that giving credit has an effect on profitability.

Based on the results of the analysis, it shows that the Capital Adequacy Ratio has a positive and insignificant effect on Return On Assets at Commercial Banks in Indonesia for the period 2017 (I) to 2021 (IV). In this study, all levels of Capital Adequacy Ratio are above 8% so that the level of Capital Adequacy Ratio is categorized as very good. The relationship between the Capital Adequacy Ratio variable and Return On Assets has a positive coefficient where this value illustrates that the higher the CAR, the bank has the ability to

bear risks so that it will make a large contribution and affect profitability. There is an insignificant effect between capital adequacy on Return On Assets, meaning that banks do not use their capital effectively to generate profits or the saved capital is not directly used for assets turnover and follows Bank Indonesia regulations which require to provide minimum capital from RWA, resulting in companies Banks always try to maintain and increase their capital to comply with existing regulations. The results of this study are in line with research by Pamularsih (2015), Amalia and Nana Diana (2022), Budiman and Presetiono (2022), which show that there is no Capital Adequacy Ratio effect on ROA. Pertiwi & Susanto (2019), show that capital adequacy has no effect on profitability at Islamic People's Financing banks. Ihsan and Hosen (2021), the results of the study show that BNIS performance and health in 2015–2020 with CAMEL, RGEC analysis shows that BNIS is in various health conditions, namely from the title "Unhealthy" to "Very Healthy".

Based on the results of the analysis, it shows that BOPO has a negative and significant effect on Return On Assets at Commercial Banks in Indonesia for the 2017 (I) to 2021 (IV) period. This means that the level of the bank's ability to carry out its operations affects the level of income earned by the bank. The negative effect shown by the BOPO ratio shows that the bank is not efficient in carrying out its business operations, if BOPO increases, the Return On Assets obtained decreases or increases in bank operating costs which are not followed by an increase in operating income which will result in reduced profitability at the bank. The smaller the BOPO ratio, the more efficient the operational costs incurred by the bank so that it is possible for the bank to get more profits and shows that the bank is not in a troubled condition. The results of this study are supported by previous researchers, namely Sianturi (2012), Christiano et al (2014), Pratiwi and Wiagustini (2015), indicating that the BOPO variable has a negative and significant effect on banking profitability. Meanwhile, according to Puspitasari, et al (2021), it shows that BOPO partially has a positive and insignificant effect on ROE.

Based on the results of the study indicate that Third Party Funds can moderate the effect of lending on profitability at Commercial Banks in Indonesia. This means that the more funds raised by the bank, the bank can fulfill credit requests and the credit extended also increases. Vice versa if the funds collected by the bank relatively decrease, the credit extended will also decrease so that it will affect the bank's profitability. This is because third party funds are the biggest source of funds that banks rely on and these funds are also a measure of a bank's success. The results of this study are supported by research from Hasibuan et al, (2018) showing that the third party funding variable is a moderating variable that can moderate the total effect of Credit Distribution, Debt To Equity Ratio, Capital Adequacy Ratio, Non Performing Loans and Net Interest Margin on Return On Assets At the Regional Development Bank.

Based on the results of the research, it shows that third party funds cannot moderate the effect of the Capital Adequacy Ratio on profitability at commercial banks in Indonesia for the period 2017 (I) to 2021 (IV). This means that third party funds cannot directly moderate the effect of the Capital Adequacy Ratio on Return On Assets because the bank's capital source is the source of its own capital, namely deposit capital from shareholders, while third party funds are the basis of funds that must be processed or managed by the bank to receiving benefits. However, indirectly from sources of third party funds can increase bank capital through profits obtained by banks where the profits obtained can improve bank performance so that the Capital Adequacy Ratio is more efficient. Vice versa, if funds originating from third party funds experience a relative decline and a decrease in loans disbursed, then the profitability obtained by the bank will also decrease, which will lead to inefficient bank performance and will also affect the bank's capital adequacy. Munthe (2017) shows that the residual test results of Third Party Funds are able to moderate the relationship between Capital Adequacy Ratio, Operating Expenses to Operating Income, Net Interest Margin, Non Performing Loans, Loan To Financial Ratio and Statutory Reserves with Return on Assets. Setioningrum (2019), shows that Third Party Funds are able to moderate the effect of Capital Adequacy Ratio (CAR) on Return On Assets (ROA), while Third Party

Funds cannot moderate the effect of Financing to Deposit Ratio and Non Performing Financing at Islamic Commercial Banks in Indonesia.

Based on the results of the study indicate that Third Party Funds can moderate the effect of BOPO on profitability at Commercial Banks in Indonesia. This means that these third party funds can affect the effect of BOPO on bank profitability, where the more funds a bank collects, the burden on the bank also increases through interest costs and other operational costs so that it will affect bank profitability. The results of this study are supported by research from Munthe (2017), showing that the residual test results of Third Party Funds are able to moderate the relationship between Capital Adequacy Ratio (CAR), Operating Expenses to Operating Income (BOPO), Net Interest Margin (NIM), Non-Performing Loans (NPL), Loan to Financial Ratio and Statutory Reserves with Return on Assets. Maulani (2022) shows that third party funds are able to moderate (weaken) the relationship between CKPN, NPM and BOPO on Return on Assets (ROA) of Islamic Banking.

CONCLUSION

Based on the results of the analysis in the study, it can be concluded that, Simultaneously Lending, Capital Adequacy Ratio and Operational Efficiency have a positive and significant effect on profitability as measured by Return On Assets at Commercial Banks in Indonesia for the period 2012 (I) to 2021 (IV). Partially, lending has a positive and significant effect on profitability as measured by Return On Assets at Commercial Banks in Indonesia for the period 2012 (I) to 2021 (IV). Partially the Capital Adequacy Ratio has a positive and significant effect on profitability as measured by Return On Assets at Commercial Banks in Indonesia for the period 2012 (I) to 2021 (IV). Partially Operational Efficiency (BOPO) has a negative and significant effect on profitability as measured by Return On Assets at Commercial Banks in Indonesia for the period 2012 (I) to 2021 (IV). Third Party Funds are able to moderate the influence of Credit Distribution and Operational Efficiency, however, Third Party Funds cannot moderate the Capital Adequacy Ratio to profitability in Commercial Banks in Indonesia for the period 2012 (I) to 2021 (IV).

For banking companies, it is better to maintain the stability of lending so that it continues to increase without compromising the precautionary principle that has been applied to every banking company. Because lending is the main activity of a bank, at least the bank prefers to choose customers in extending credit so as to avoid the increased risk of bad credit which can be detrimental to the bank. It is also expected that banking companies can maintain the Capital Adequacy Ratio or capital adequacy so that any risks that occur the bank is able to bear while maintaining bank capital and are expected to use existing capital efficiently and it is hoped that banks will continue to reduce their operational costs below the standards set by the Bank Indonesia so that bank performance is getting better and can increase bank profitability. It is also hoped that banks will be able to increase public trust in banks so that people can save their money in banks because the biggest source of funds that banks always rely on are funds from customers or third party funds.

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