THE INFLUENCE OF ASSET GROWTH, CAPITAL ADEQUACY RATIO (CAR) AND OPERATING COST OF OPERATING INCOME (BOPO) ON PERFORMANCE ISLAMIC FINANCE IN INDONESIA

PENGARUH PERTUMBUHAN ASET, RASIO KECUKUPAN MODAL (CAR) DAN BIAYA OPERASIONAL PENDAPATAN OPERASIONAL (BOPO) TERHADAP KINERJA KEUANGAN SYARIAH DI INDONESIA

Dimas Anjasmara
Universitas Islam Negeri Sumatera Utara
dimasanjasmara01@gmail.com

Mustafa Kamal Rokan
Universitas Islam Negeri Sumatera Utara
mustafarokan@uinsu.ac.id

Reni Ria Armayani Hasibuan
Universitas Islam Negeri Sumatera Utara
reniriaarmayani@uinsu.ac.id

Abstract

Financial institution produces financial statements that reflect its financial condition. Financial performance is assessed through ratios within these statements, one of which is the profitability ratio. The profitability ratio indicates the amount of profit earned by the company, evaluating how efficiently management can generate profit from each sale made. This study aims to examine the effect of Asset Growth, CAR (Capital Adequacy Ratio), and BOPO (Operating Expenses to Operating Income) on ROA (Return on Assets). The population in this research consists of seven companies listed under Indonesian Islamic Commercial Banks. The data analysis methods employed include Normality Test, Multicollinearity Test, Heteroscedasticity Test, Multiple Linear Regression Analysis, and Hypothesis Testing. Based on the T-test results, Asset Growth has a value of 0.048 <0.05, indicating that Asset Growth significantly affects ROA. The CAR variable has a significance value of 0.359>0.05, meaning that CAR does not have a significant effect on ROA. BOPO significantly affects ROA with a significance value of 0.000<0.05. Furthermore, the Simultaneous Test (F) shows that Asset Growth, CAR, and BOPO collectively have a significant effect on ROA, with a significance value of 0.000<0.05.

Keywords: *Asset Growth, CAR, BOPO, ROA.*

Abstrak

Lembaga keuangan menghasilkan laporan keuangan yang mencerminkan kondisi keuangannya. Kinerja keuangan dinilai melalui rasio-rasio dalam laporan tersebut, salah satunya adalah rasio profitabilitas. Rasio profitabilitas menunjukkan jumlah laba yang diperoleh perusahaan, mengevaluasi seberapa efisien manajemen dapat menghasilkan laba dari setiap penjualan yang dilakukan. Penelitian ini bertujuan untuk menguji pengaruh Pertumbuhan Aset, CAR (Capital Adequacy Ratio), dan BOPO (Operating Expenses to Operating Income) terhadap ROA (Return on Assets). Populasi dalam penelitian ini terdiri dari tujuh perusahaan yang terdaftar di Bank Umum Syariah Indonesia. Metode analisis data yang digunakan meliputi Uji Normalitas, Uji Multikolinearitas, Uji Heteroskedastisitas, Analisis Regresi Linier Berganda, dan Uji Hipotesis. Berdasarkan hasil uji-t, Pertumbuhan Aset memiliki nilai 0,048 < 0,05, menunjukkan bahwa Pertumbuhan Aset berpengaruh signifikan terhadap ROA. Variabel CAR memiliki nilai signifikansi 0,359 > 0,05, artinya CAR tidak berpengaruh signifikan terhadap ROA. BOPO berpengaruh signifikan terhadap ROA dengan nilai signifikansi 0,000<0,05. Selanjutnya, Uji Simultan (F) menunjukkan bahwa Pertumbuhan Aset, CAR, dan BOPO secara bersama-sama memiliki pengaruh signifikan terhadap ROA, dengan nilai signifikansi 0,000<0,05.

Katakunci: *Asset Growth, CAR, BOPO, ROA.*

A. Introduction

Banking financial institutions are the heart of the country's economy, banks have an important role in advancing and driving the economy. Banks carry out their function and role as intermediary financial institutions between parties with excess funds (surplus units) and parties who need funds (deficit units), meaning that banks collect funds and redistribute them to the public in the form of loans or credit.

Banks also channel funds to the real business sector with the aim of equitable distribution of national economic development, economic growth, and national stability. .The crisis that hit the Indonesian banking world from 1997 to 1998 has made all parties realize that conventional banking is not the only reliable system, but there is another banking system that is more resilient because it instills the principles of justice and openness, namely Islamic banking.

Although at the time of the crisis there was only one Islamic bank, Bank Muamalat Indonesia, many parties recognized that the system adopted was able to prove its resilience from the impact of the crisis. Since the monetary crisis, the Islamic economic system has become increasingly recognized in society, not only for Muslims, but also for non-Muslims (Siregar, 2019). National Islamic banking in the last decade has continued to show a positive and adequate growth rate, which is reflected in the growing volume of business, investment funds and public deposits as well as the distribution of financing that continues to increase.

These developments are expected to make a significant contribution to economic activity in Indonesia. Although due to the slowing economic situation in 2014 and the process of responding to economic conditions and internal industry consolidation caused its growth to experience a correction that is expected in the future to find a new growth balance

In general, Islamic banking is experiencing rapid growth, but in terms of industry size and its impact on the national economy is still relatively small when compared to the general banking and finance industry, seen from the market share and financing ratio of Islamic banking to GDP which is still small.

However, given the huge potential of Islamic banking and finance in Indonesia as a country with the largest Muslim population in the world that has sufficient natural resources and as a member of the G20, Indonesian Islamic banking has the potential for a more significant contribution in supporting the national economy and improving welfare and equitable national development.

The company's financial performance at the end of the period must be evaluated to determine the company's development. The evaluation process requires certain standards as a basis for comparison. The standards used can be internal or external. Internal standards generally refer to comparing the company's performance with its main competitors or with the industry. Measurement of financial performance can be done using some bank profitability analysis. Banking profitability is the ability to earn profits expressed in percentage .

The growth of assets of Islamic banking companies in Indonesia has also experienced an increasing trend every year. In 2014 it amounted to 272.34, increasing in 2015 to 296.26. In 2016 asset growth increased again from the previous year to 356.50. In 2017 it increased to 435.02. In 2018 it increased to 489.69. In 2019 it increased to 538.32. In 2020 it increased to 608 and in 2021 there was another increase from the previous year to 646.21.

Capital Adequacy Ratio (CAR) fluctuates or there is a decrease and also an increase. In 2014 it was 22.77%, decreased in 2015 to 21.47% and in 2016 there was an increase to 21.73%. In 2017 there was a decrease to 17.91% and in 2018 there was an increase to 20.39%. In 2019 it increased to 2059%. In 2020 and 2021 it increased to 2020 21.64% and 2021 24.97%.

The ratio of operating expenditure to operating income (BOPO) fluctuates or there is a decrease and also an increase in each year. In 2014 it amounted to 94.16%, increasing in 2015 to 94.38%. In 2016 it decreased to 87.09% and increased again in 2017 to 89.62%. In 2018 the BOPO ratio decreased to 85.49% and increased again in 2019 to 85.52%. In 2020 and 2021 the BOPO ratio has decreased, in 2020 to 83.63% and in 2021 to 79.01%.

Return on assets (ROA) on the financial performance of Islamic banking from 2014 to 2021 fluctuates. In 2014, the Return on Assets of Indonesian Islamic banking companies amounted to 2.26%, then decreased in 2015 to 0.84%. In 2016 ROA again increased to 2.27% and decreased again in 2017 to 1.17%. There was an increasing trend in ROA in 2018 and 2019, in 2018 it amounted to 1.59% and increased in 2019 to 1.83%. Again experienced a downward trend in 2020 to 1.54%, and again increased in 2021 to 1.97%.

B. Literature Review

Asset Growth

Asset Growth is the growth of assets where the assets are used for the company's operational activities. A high company growth rate will increase the funds needed to finance the company's growth. So, the larger the portion of retained earnings in the company, the smaller the dividends paid.

Assets are assets used for the company's operational activities. The greater the assets, the greater the operational results are expected to be generated by the company. An increase in assets followed by an increase in operational results will further increase external trust in the company.

With the increasing trust of external parties (creditors) in the company, the proportion of debt is increasingly greater than equity. This is based on the confidence of creditors in the funds invested in the company guaranteed by the large assets owned (Ariyasa dkk., 2019).

Capital Asset Ratio (CAR)

CAR is the ratio between equity and Risk-Weighted Assets (RWA). CAR is a capital ratio that shows the bank's ability to provide funds for business development purposes and accommodate the risk of fund losses caused by the bank's operational activities.

It shows the extent to which the decline in Bank Assets can still be covered by the available bank Equity, the higher the CAR the better the condition of a bank (Nusantara, 2009:14).

Operating Costs to Operating Income (BOPO)

Operating Costs to Operating Income (BOPO) is a ratio that shows the performance comparison between the operating costs incurred by the bank and the operating income that the bank is able to generate. This operating income ratio is usually called the efficiency ratio which is used to measure the ability of bank management to control the operating costs incurred (Muhammad 2014: 254).

The BOPO ratio aims to measure the ability of operating income to cover operating costs. BOPO is used to minimize losses obtained from business activities if there is a decrease in profits obtained and the possibility of failure of services and products offered (Fathya, 2015).

C. Research Methods

This study uses a quantitative descriptive approach to analyze the effect of the financial performance of Islamic banks in Indonesia on asset growth, Capital Adequacy Ratio (CAR), and Operating Cost of Operating Income (BOPO). The data used is secondary data from financial reports and macroeconomic data for the period 2014-2021, focusing on seven Islamic banks registered with the OJK. The sampling technique used is purposive sampling, which selects samples based on the criteria of consistently published financial reports.

The research variables consist of independent variables, namely asset growth, CAR, and BOPO, and the dependent variable, namely the financial performance of Islamic banks. Data were collected through documentation techniques and literature studies from sources such as Bank Indonesia and Islamic bank financial statements. Data analysis was conducted to test the relationship between the independent variables and the dependent variable.

The statistical tests used in this study include normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test to ensure the regression model used is valid. This classic assumption test is important to identify possible problems in data distribution, relationships between variables, and correlation of disturbance factors.

The multiple linear regression method is then used to test the effect of each independent variable on the financial performance of Islamic banks. The results of the analysis will be seen through the coefficient of determination (R2) as well as the t-test and F-test to assess the significance of the effect of the independent variables partially and simultaneously on the dependent variable.

D. Research Results and Discussion

Multiple Linear Regression Testing

The statistical analysis used in this study is multiple regression. This analysis is used to determine the magnitude of the influence of the independent variables on the dependent variable. The data obtained from each variable indicator will be calculated together through a multiple regression equation. Based on data processing using spss.

Table 1 Multiple Linear Regression Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1065.933	106.297		10.028	.000
	Pertumbuhan_aset	.155	.075	.239	2.058	.048
	CAR	.016	.017	.107	.932	.359
	BOPO	.103	.009	1.091	11.052	.000

a. Dependent Variable: ROA

The regression equation formed is Y = 1065.933 - 0.155X1 + 0.016X2 + 0.103X3, where Y is profitability (ROA), X1 is Capital Adequacy Ratio (CAR), and X2 is Operating Expenses to Operating Income (BOPO). The constant of 1065.933 indicates that if CAR and BOPO are zero, profitability will remain 1065.933. The CAR regression coefficient of 0.016 indicates that every one percent increase in CAR will increase ROA by 0.016 percent. Likewise, a one percent increase in BOPO will increase ROA by 0.103 percent, indicating a positive relationship between these variables and profitability.

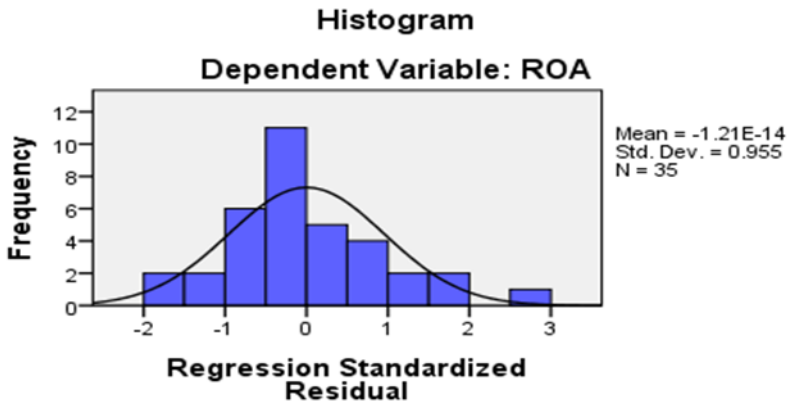
Classic Assumption Test

The results of the classic assumption deviation test in this study are as follows:

1. Normality Test

The normality test tests the independent variable data (X) and the dependent variable data (Y) in the resulting regression equation, whether they are normally distributed or

abnormally distributed. Normality testing is done with the normal probability plot test. Regression fulfills the assumption of normality if the data spreads around the diagonal line and follows the direction of the diagonal line or the histogram graph shows a normal distribution pattern. The results of the normality test using the SPSS 23 program are as follows:



Source: Researcher's Processed Results, 2024

Based on the appearance of the picture above, it can be seen that the histogram graph shows a good picture of the data pattern. The *dependent* and *regression standarized residual* curves form a bell-like image and follow the direction of the diagonal line, thus fulfilling the assumption of normality.

2. Multicollinearity Test

Multicolonierity arises as a result of a causal relationship between two or more independent variables or the fact that two or more explanatory variables are jointly influenced by a third variable that is outside the model. To detect multicolonierity, if the *Variance Inflation Factor* (VIF) value is not more than 10, the model is free from multicolonierity. VIF is an estimate of how much multicolonierity increases the variance in a coefficient estimate of an explanatory variable. A high VIF indicates that multicollinearity has increased the variance in the estimated coefficients slightly, consequently lowering the t-value. for correction due to multicollinearity

Table 2 Multicolonierity Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics	
		B	Std. Error	Beta	Tolerance	VIF
1	(Constant)	1065.933	106.297			
	Pertumbuhan_aset	-.155	.075	-.239	.115	8.686
	CAR	.016	.017	.107	.118	8.502
	BOPO	-.103	.009	-1.091	.159	6.276

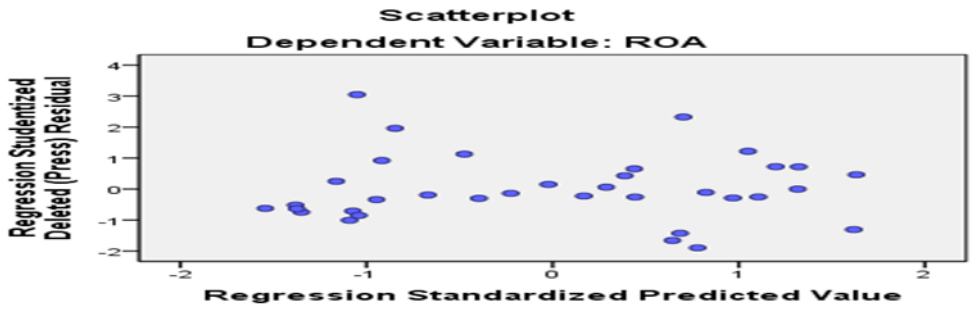
a. Dependent Variable: ROA

Because the *tolerance* value obtained for each variable is greater than 0.10 and the VIF value obtained for each variable is less than 10, it means that the variable data can be said that there is no multicollinearity in this regression model. After the multicolonierity test is carried out, the following autocorrelation test is carried out by looking at the Durbin Watson value,

3**.** Heteroscedasticity Test

The heteroscedasticity test tests whether or not the variance of the residuals from one observation to another. If the residuals have the same variance, it is called homoscedasticity. The results of the heteroscedasticity test analysis using scatterplot are shown in the following figure:

Figure 1 Heteroscedasticity Test



In the *scatterplot* graph image, it can be seen that the results of the *scatterplot* graph show that the data is spread randomly and does not form a certain pattern. The data is spread both above and below the number 0 on the Y axis. This indicates that there is no heteroscedasticity.

Testing Hypothesis

Hypothesis testing is used to answer whether or not the independent variable affects the dependent variable either partially or simultaneously. The first hypothesis test used is the t test or partial testing of the independent variable on the following dependent variable:

1. Coefficient of Determination (R-Square/R^2)

The coefficient of determination measures how far the model's ability to explain the dependent variable. The coefficient of determination is between zero and one. A smaller *Adjusted R-Square* value means that the ability of the independent variables to explain the variance of the dependent variable is very limited. The results of the coefficient of determination are as follows:

Table 3 Results of the Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.976[a]	.952	.947	11.38078	1.777

a. Predictors: (Constant), BOPO, CAR, Pertumbuhan_aset

b. Dependent Variable: ROA

Based on table 3.9 above, the results of the regression calculation in this study obtained R-square value of 0.952. This means that the independent variables can explain the variance of the dependent variable is 95.2% while the remaining 4.8%% is explained by the other variables.

2. Simultaneous Test (Statistical F Test)

Simultaneous test (F test) to find out whether all independent variables have a joint (simultaneous) effect on the dependent variable. The results of the F test calculation in this study can be seen in the following table:

Table 4 Simultaneous Test Results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	79361.210	3	26453.737	204.241	.000[b]
	Residual	4015.190	31	129.522		
	Total	83376.400	34			

a. Dependent Variable: ROA

b. Predictors: (Constant), BOPO, CAR, Pertumbuhan_aset

From the results of regression analysis, it can be seen that together the *independent* variables have a significant influence on the *dependent* variable. This can be proven from the calculated F value of 204.241 with a significance value of 0.000. Because the significance value is much smaller than 0.05 or 5%, the regression transformation model can be used to predict *Return On Asset* (ROA) or it can be said that *Asset growth, Capital Adequacy Ratio* (CAR), BOPO together have an effect on *Return On Asset* (ROA).

3. Partial t-test

The partial t test aims to determine whether there is a partial (individual) influence of the independent variables on the dependent variable. This test uses a significant level of 5%. The t test criteria are as follows:

a. If the significance probability value <0.05, Ho is rejected and Ha is accepted, which means that the independent variable partially affects the dependent variable.
b. If the significance probability value> 0.05% then Ho is accepted and Ha is rejected, which means that the independent variable partially has no effect on the dependent variable.

Table 5 t test results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1065.933	106.297		10.028	.000
	Pertumbuhan_aset	.155	.075	.239	2.058	.048
	CAR	.016	.017	.107	.932	.359
	BOPO	.103	.009	1.091	11.052	.000

a. Dependent Variable: ROA

Based on the table above, the t-test results are as follows:

a. Effect of asset growth on profitability (ROA)

Based on the table above, the research results obtained a significance value for the asset growth variable of 0.048 where the value smaller than the significant level of 0.05. this shows that asset growth (X1) has a significant effect on profitability (ROA). This is also the same as testing based on the t-table, obtained a t-count of 2.058. the provisions for making decisions on whether the hypothesis is accepted or rejected are based on the magnitude of the t-count value. If t-count is greater than t-table (t-count> t-table), then the independent variable significantly affects the dependent variable and vice versa. In this t test, the degree of freedom (n-k-1) is carried out. So the degree of freedom is 35-3-1 = 31, then the t-table obtained is 2.03951. thus the t-count smaller than the t-table (2.058> 2.03951). this shows that asset growth has a significant effect on profitability.

b. Effect of CAR on Profitability (ROA)

Based on the table above, the results of the study obtained a significance probability value for the CAR variable of 0.359 where the value is more than 0.359.
large than the significant level of 0.05. this indicates that CAR (X2) has no significant effect on profitability (ROA). This is also the same test based on the t-table, obtained a t-count of 0.932. the provisions for making decisions on whether the hypothesis is accepted or rejected are based on the magnitude of the t-count value. If t-count is greater than t-table (t-count> t-table), then the independent variable significantly affects the dependent variable and vice versa. In this t test, the degree of freedom (n-k-1) is carried out. So the degree of freedom is 35-3-1 = 31, then the t-table obtained is 2.03951. thus the t-count smaller than the t-table (0.932 < 2.03951). this indicates that CAR has no significant effect on profitability.

c. The Effect of BOPO on Profitability (ROA)

Based on the table above, the research results obtained a significance probability value for the BOPO variable of 0.0000, where the value is smaller than the significant level of 0.05, this indicates that BOPO (X3) has a significant effect on profitability (Y).

This is also the same as testing based on the t-table, obtained a t-count of 11.052. the provisions for making decisions on whether the hypothesis is accepted or rejected are

based on the magnitude of the t-count value. If the t-count is greater than the t-table (t-count> t-table), then the independent variable significantly affects the dependent variable and vice versa. In this t test, the degree of freedom (n-k-1) is carried out. So the degree of freedom is 35-3-1 = 31, then the t-table obtained is 2.03951. thus the t-count is greater than the t-table (11.052> 2.03951). this shows that BOPO has a significant effect on profitability (ROA).

E. Conclusion

Based on the data analysis and discussion that has been presented and researched in this title The Effect of CAR and BOPO Ratios on Islamic People's Financing Banks , the researchers draw the following conclusions:

1. Asset growth has a significant effect on ROA. Based on the results of the research, asset growth has a significant effect to ROA with a significance value of 0.048.
2. CAR has no significant effect on ROA at the Bank. Based on the research results, CAR has no significant effect on ROA with a significance value of 0.359 greater than 0.05.
3. BOPO has a significant effect on ROA. Based on the results of the study, BOPO has a significant effect on ROA with a significance value of 0.00.
4. Asset Growth, CAR and BOPO affect together (simultaneously) on ROA with a significance value of 0.000.

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