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The Impact of Outside Funds and Consumer Lending Against Profitability Return On Asset (ROA) for The Years 2012 Through 2021 at Bank BJB

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Abstrak

Tujuan penelitian ini adalah untuk mengetahui 1) hasil pembiayaan eksternal (DPK) terhadap profitabilitas return on asset (ROA). 2) Bagaimana hasil profitabilitas pinjaman konsumen terhadap return on asset (ROA)? 3) Bagaimana pengaruh pembiayaan eksternal (DPK) dan pembiayaan konsumen terhadap profitabilitas return on asset (ROA) ? Metodologi penelitian yang digunakan adalah metode pendekatan deskriptif kuantitatif. Partisipan dalam penelitian ini adalah seluruh laporan keuangan Bank BJB sejak berdirinya sampai dengan tahun 2021. Teknik pengumpulan data dilakukan melalui studi pustaka dan studi dokumentasi. Regresi linier berganda digunakan untuk menganalisis analisis data. Penyelidikan ini menghasilkan kesimpulan bahwa DPK mempunyai pengaruh yang baik dan penting terhadap profitabilitas return on aset (ROA), secara parsial pinjaman konsumen mempunyai pengaruh yang baik dan signifikan terhadap profitabilitas return on aset (ROA), dan kemudian DPK dan pinjaman konsumen secara bersama-sama mempunyai pengaruh yang penting. dan dampak yang menguntungkan pada profitabilitas ROA.

Kata kunci: Kredit Konsumen, Pembiayaan Eksternal, Profitabilitas Return On Asset (ROA).

Abstract

The aim of this investigation was to discover 1) the results of external financing (DPK) on return on asset (ROA) profitability. 2) How is the result of consumer lending on return on asset (ROA) profitability? 3) How is the impact of external financing (DPK) and consumer financing on return on asset (ROA) profitability? The study's research methodology is the quantitative descriptive approach method. Participants in this study are all of Bank BJB's financial statements from its establishment through 2021. The data gathering technique was completed through a literature review a documentation study. Multiple linear regression is employed to analyze the data analysis. This investigation came to the conclusion that DPK has a favorable and important impact return on asset (ROA) profitability, partially consumer lending has a good and significant impact on return on asset (ROA) profitability, and then DPK and consumer lending together have an important and favorable impact on ROA profitability.

Keyword: Consumer Credit, External Financing, Return On Asset (ROA) Profitability.

1 Introduction

As explained in Law Number 7 of 1992 relating to Banking, amended by Law Number 10 of 1998 "Banks are businesses that collect money by way of deposits and usually distribute it to the public on credit or in other ways to improve their level of living". Banking institutions are among the backbones of the national economy because they function as intermediaries between capital owners (fund providers) and capital users (users of funds) to start the economy of a country. Banks are the main and most persuasive financial institutions in small and large-scale economies (Sudiyatno & Suroso, 2010).

Current conditions encourage financial businesses to be more imaginative and creative in creating and obtaining new sources of funding. Thus, it is not business as usual because competition among banks to attract capital from the general public is getting tighter. Because for banks, capital is actually very important; without capital, banks will not work effectively (Puspitasari, 2009: 2).
Considering the meaning of banks above, the conclusion that the primary endeavor of banks is to raise funds and distribute or redistribute funds raised to the public. Because the source of bank funding comes from public deposits, banks do not only pay attention to how much profit is obtained from the collection of public funds.

To raise the community's standard of living, banks must help the community by channeling funds and providing credit or loans to people in need in accordance with their function, namely the bank as a distributor of funds. This makes each bank compete with each other to increase lending and increase public confidence, which has weakened due to the impact of the global crisis. This is expected to encourage people who want to keep their money in the bank, but again, the increase in interest costs will make it difficult for the business world, so banks have to cut some of their profits. Like banks, profit is a company's goal. The profits earned will not only be used to finance banking operations but will also be used to develop the business, using various products and things to do afterwards.

Increased use of external financing is one of the internal factors that can affect the increase in returns. In fact, external financing are a highly liquid liability component that can be repaid quickly to increase profitability. Increased use of external financing is measured using a comparison of the difference in the amount of external financing in a particular year and the previous year with the amount of external financing owned by the bank in the previous year (Dendawijaya, 2009). The funding source collected from the general by banks, also called external financing, is a measure of the bank's success in finding sources of money for finance the bank's daily business operations (Kasmir, 2012).

Lending is the main activity for banks, and banking activities provide the greatest profit for operating banks. In accordance with Bank Indonesia Regulation No. 8/13/PBI/2006, in channeling credit, banks must fulfill the rules of the Bank of Indonesia in the form of identifying the limit of granting or channeling credit. After the bank meets its main basic needs for its operational activities and pays all obligations, it can determine the maximum credit line available to borrowers or the general public.

The level of profitability achieved by banks in general is not sustainable and effective due to the weak productive asset structure of banks. Profits earned by banks are declining due to the downward trend in interest rates. However, when looking at the amount of third-party capital (NOK), of course, the amount of loans disbursed by commercial banks is much larger than that of mixed loans and foreign banks. So, in terms of customer deposits, this is a fairly ideal number (Yo et al., 2020) and (Hermansyah, S.H., 2020).

One measure of profitability performance on the part of the bank is ROA. Because ROA is employed to evaluate how effectively a business uses its assets to generate profits, it was chosen as a benchmark for bank profitability performance. The ratio between ROA and profit before tax and overall assets (Puspitasari, 2009).

After a review of several studies, the following research problems were formulated:
1. Is there an impact of external financing on return on asset (ROA) profitability at Bank BJB?
2. Is there an effect of consumer lending on return on asset (ROA) profitability at Bank BJB?
3. Is there an impact of external financing and consumer lending on return on asset (ROA) profitability at Bank BJB?

2 Literature Review

2.1 Bank

In accordance with Law No. 10 of 1998 of the Republic of Indonesia, dated November 10, 1998, respecting revisions to Law No. 7 of 1992 addressing banking, a bank means " a company that receives deposits from the public and gives those monies back to the public as credit or loans to raise the standard of living for a large number of people. Meanwhile, according to Hasibuan (2008), "banks are dynamic financial institutions, money creators, fund collectors, credit distributors, payment operators, currency stabilization, and economic growth".

2.2 External Financing

External financing, As per Indonesia's Banking Law No. 10 of 1998, public funds are committed to banks under deposits in the form of demand deposits, savings, certificates of deposit, and other types of deposits. In order to raise money for their business, banks must rely on external financing, which includes funds coming from the bank itself (first party), funds coming from other parties (second party funds), and funds coming from the general public or third parties by way of savings, deposits, and other sources of funds. Generally, banks will use public monies obtained to finance financing for real-sector activity (Prasetyoningrum, 2015). External financing are funds raised by banks from members of the public, including people and companies.

2.3 Credit

According to Bank Indonesia Regulation No. 23/2/ PBI / 2021 " providing money or invoices that could be compared to it based on a contract or loan is known as credit and borrowing arrangement between BUK such organizations that mandate the borrower pays back his debt over a predetermined time period with interest”. According to Triandaru and Budisantoso (2006), this credit is a credit facility (not based on sharia principles) to customers, both in monetary terms loans and non-cash loans. The giving of money or bills is known as credit, or what can be compared to it, based on a loan, arrangement, or a contract between a bank and another business that demands that the borrower repay the loan after taking out the loan for a defined amount of time with a number of benefits using interest or profit-sharing.

2.4 Consumer Credit

The definition of consumer credit according to the Bank bjb Consumer Credit Standard Operating Procedure is credit provided by Bank BJB to fixed-income debtors whose salaries have been funneled through Bank BJB or not, and where the debtor works has a collaboration agreement with Bank bjb, where the debtor's wage serves as the source of revenue and is used for consumption.

2.5 Profitability

According to Rivai (2013), "the profitability ratio is the return on investment (capital investment), which is said to be a percentage of the amount of investment". As a result, it is possible to state that a company's profitability is determined by its ability to generate net income from activities during the accounting period. An organization's capacity to turn a profit is a sign of how well it manages the business. Investors put money into companies to receive a return that is made up of yield and capital gains.

Framework of thought

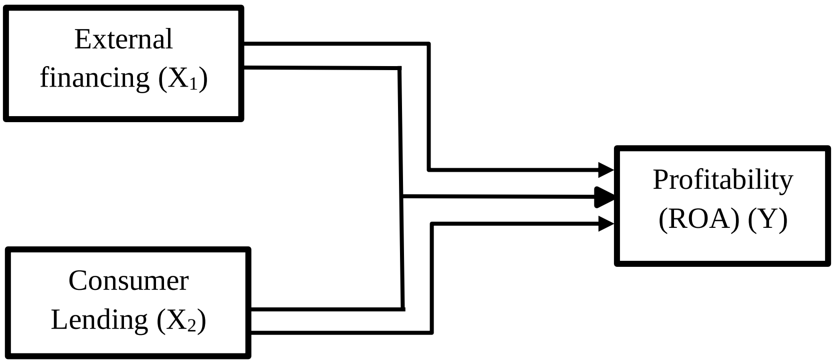

Figure 1: Framework of thought

Hypothesis

H1 : External Financing (X1) have a favorable and substantial impact on the profitability (ROA) (Y) of bank bjb partially.

H2 : Consumer Lending (X2) have a favorable and substantial impact on the profitability (ROA) (Y) bank bjb partially.

H3 : External financing (X1) and Consumer Lending (X2) have a favorable and substantial impact on the profitability (ROA) (Y) of bank bjb simultaneously.

3 Research Methods

This Research employs illustrative methods and quantitatively based verification techniques. Data collection uses literature studies related to external financing, consumer lending and banking profitability, and documentation studies to obtain data related to the object under study and external secondary data, namely bank BJB banking financial statements for 2012–2021. And supported by internet media or internal company sites, books, journals, or articles related to the company.

The population used is all financial statements of Bank BJB from the inception of Bank BJB until 2021. The sampling used is One form of purposive sampling is judgment sampling. The sampling used is:

1. Bank BJB financial statements for the period 2017–2021.
2. Financial posts of external financing, consumer credit distribution, and profitability ratio of Bank BJB for the period 2017–2021.

In this study, three research variables were determined to be used, including the following:

1. External financing (X1) the concept of external financing cash that the public has entrusted to banks under deposit agreements, comprising savings, certificates of deposit, demand deposits, and other types of deposits. (Indonesian Banking Law No. 10 of 1998 concerning Banking).
2. Consumer Lending (X2) the concept of credit variables is giving money a priority or what is comparable to it based on a loan contract (credit agreement and the obligation of the borrower (debtor) to repay the loan after a predetermined temporal frame that includes interest, compensation, or profit sharing (Indonesian Banking Law No. 10 of 1998 concerning Banking).
3. Profitability (ROA) the concept of ROA the profit to cost ratio is uncertain (before tax) and total bank assets, this ratio shows how the management of a bank's assets to measure its efficiency level (Pandia, 2012).

Linear regression analysis is the method of data analysis employed using the Statistical Program of Social Science (SPSS) version 26, which includes the F test (simultaneous), t test (partial) and R2 (determination).

4 Results and Discussion

Descriptive statistical analysis describes and describes the data for each variable studied. The results of this descriptive statistic display the mean, the mean (median), the standard deviation, and the minimum and maximum values. The outcomes of descriptive statistics are as follows:

Table 1: Descriptive statistics results

	N	Minimum	Maximum	Mean	Std. Deviation
DANA PIHAK KETIGA	40	46.761.808	117.428.095	75.046.371,53	20.000.700.200
KREDIT KONSUMER	40	19.907.524	62.489.516	43.598.738,38	13.338.761.496
ROA	40	1,25	2,40	1,16740	,31607
Valid N (listwise)	40				

From table 1 it is evident that with N = 40 the independent variable of external financing has a minimum value of Rp. 46,761.80 million, a maximum value of Rp. 117,428,095, a standard deviation value of Rp. 20,000,700 million and an average value of Rp. 75,046,371 million. The typical value which is beyond the standard deviation value indicates that the data is well distributed.

The independent variable consumer credit has a minimum value of Rp. 19,907,524 million, a maximum value of Rp. 62,489,516, a standard deviation value of Rp. 13,338,761 million and an average value of Rp. 43,398,738 million. The average value which is beyond the standard deviation value demonstrates the data's even distribution.

The dependent variable Return On Asset (ROA) has a minimum value of 1.25%, a maximum value of 2.40%, a standard deviation value of 0.31% and an average value of 1.67%. The data is evenly distributed if the average value is higher than the standard deviation value.

Multiple linear regression analysis utilizing the program SPSS 26 was the analysis technique employed in this study. To determine how many independent factors have an effect on the dependent variable, multiple linear regression analysis is utilized. The following are the results of multiple linear regression:

Table 2: Descriptive statistics results

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.591	.063		9.400	.000
	DANA PIHAK KETIGA	8.855	.000	.560	3.716	.001
	KREDIT KONSUMER	9.608	.000	.405	2.689	.011

a. Dependent Variable: ROA

The equation for multiple linear regression is displayed. in table 2 and shows the following equation:

$$Y = 0{,}591 + 8{,}855 + 9{,}608$$

The regression equation above can be interpreted as follows:
The constant of 0.591 indicates that when the independent variable of external financing and consumer credit is constant, the average profitability (ROA) is 0.591, if the independent variable of external financing and consumer credit is 0 or has no effect on the variable of external financing and consumer credit.

The external financing regression coefficient of 8.855 demonstrates that each 1 constant increase in the external financing variable will rise profitability (ROA) by 8.855. The positive regression coefficient demonstrates that the more external financing, the more favorable profitability (ROA). The consumer credit regression coefficient is 9.608, indicating that every time 1 constant decreases in the consumer credit variable, it will decrease profitability (ROA) by 9.608. The negative regression coefficient indicates that the more consumer credit decreases, the more profitability (ROA) will decrease.

The Effect of External Financing on Profitability Return On Asset (ROA)

Table 3: External financing t test

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.591	.063		9.400	.000
	DANA PIHAK KETIGA	8.855	.000	.560	3.716	.001
	KREDIT KONSUMER	9.608	.000	.405	2.689	.011

b. Dependent Variable: ROA

Based on table 3, the value of t table = t (a/2; n-k-l = t) (0.05/2; 40-2-1) = (0.025; 37) = 0.026. Shows that the value of t count is greater than t table on the external financing variable, namely 3.176> 2.026, this indicates that Ho is refused and H1 is approved., so external financing have a positive and significant effect on profitability (ROA), with a significance value of 0.001 <0.05 on the external financing variable, the findings demonstrate that the external finance factor has a favorable and significant impact on profitability (ROA), and has a total value of 0.560 or equivalent to 56.0%.

In this study, it is also known that the standardized coefficient beta is 0.560, or equivalent to 56.0%, which means that the external financing variable on profitability (ROA) has an influence of 56.0%. From the research results, external financing have a significant influence and have a positive direction on profitability (ROA).

The external financing variable has a favorable and important impact on profitability (ROA). This is because the more customer deposits collected by the bank, the greater the bank's efforts to obtain profitability. With more funds raised through external financing, banks can increase credit or other commercial endeavors that obtain increased financial success for banks.
The study's findings are in line with those of Parenrengi and Hendratni (2018), who found that external funding has a positive and significant impact on profitability return on asset (ROA).

The Effect of Consumer Lending on Return on Asset (ROA) Profitability

Table 4: Consumer Lending t Test

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.591	.063		9.400	.000
	DANA PIHAK KETIGA	8.855	.000	.560	3.716	.001
	KREDIT KONSUMER	9.608	.000	.405	2.689	.011

c. Dependent Variable: ROA

Based on table 4, the value of t table = t (a/2; n-k-l = t) (0.05/2; 40-2-1) = (0.025; 37) = 0.026. It shows that the t value is greater than the t table on the consumer variable, showing a value of 2.689> 2.026 with a significance value of 0.011 <0.05, which means that consumer credit has a positive and significant effect on profitability (ROA) and means H2 is accepted and Ho is rejected. The significant value between consumer credit variables is 40.5%.

In this study, it is also known that the standardized coefficient beta is 0.547, or equivalent to 54.7%, which means that the consumer credit variable on profitability (ROA) has an influence of 54.7%. From the research results, consumer credit has a significant influence and has a positive direction on profitability (ROA).

The effect of consumer credit variables on profitability (ROA) significantly and in a positive direction is due to credit interest promotions, the appointment of new civil servants and PPPK employees who apply for new loans and also take over at other banks, so that the better the credit growth, the better the profitability. The study's findings show that the factor affecting consumer loans has a favorable and significant effect on profitability, which is consistent with studies conducted by Saputra (2014).

The Effect of External financing and Consumer Lending on Return on Asset (ROA) Profitability

The F test (simultaneous) shows whether there is an influence of the independent variable on the dependent variable tested at a significant level of 0.05. If the value of F count> F table, then Ho is rejected and Ha is accepted, by looking at the value of F table = F (k; n-k), F = (2; 40-2), and F table = (2; 38) = 3.24. The results of the F test can be seen in the following table.

Table 5: F test

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.534	2	1.767	180.387	.000[b]
	Residual	.362	37	.010		
	Total	3.896	39			

a. Dependent Variable : ROA
b. Predictors: (Constant), KREDIT KONSUMER, DANA PIHAK KETIGA

Based on the F test (simultaneous), if F count> F table, namely 90.526> 3.55 and a significance level <0.05 or 0.000 <0.05, then H0 is rejected and Ha is accepted. It can be said that profitability is positively and significantly impacted by both external financing and consumer credit at the same time at Bank BJB. Results of additional tests on the coefficient of determination show an R square value of 0.914. The significance of the independent variables' influence can be inferred from this by saying that, namely third parties and consumer credit, simultaneously affects profitability (ROA) by 91.4%, while the remaining 8.6% is influenced by additional elements that this study does not address.

The findings of this investigation are consistent with the help of research by Saputra (2014), which conducted research with the results showing that external financing and consumer lending are able to affect profitability.

5 Conclusion and Suggestion

External financing and consumer lending simultaneously have a positive and substantial impact on return on asset (ROA) profitability at Bank BJB for the period 2012–2021. With the considerable and favorable impact of external financing and consumer lending on profitability, it can be taken into consideration by bank management to always increase the amount of external financing and increase consumer credit expansion.

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