Analysis of The Influence of Bank Health Level Using The Rgec Method (Risk Profile, Good Corporate Governance, Earnings, Capital) on Profitability in banking Companies Listed on Bei Period 2015–2019

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Abstract

The purpose of this study was to determine the effect of soundness level using the RGEC (Risk Profile, Good Corporate Governance, Earnings, and Capital) method on the profitability of banking companies listed on the IDX. The period used in this study is 5 (five) years, namely 2015 – 2019. This study uses descriptive research with a quantitative approach. The population in this study is 44 banking companies that have been and are still listed on the Indonesia Stock Exchange. The sampling technique used was purposive sampling and obtained a sample of 12 companies. The data analysis technique used is multiple linear regression. The results showed that partially the risk profile variable had no significant effect on profitability. Good corporate governance has a significant negative effect on profitability. Earnings have a significant negative effect on profitability. Capital has a significant positive effect on profitability. Simultaneously, risk profile, good corporate governance, earnings, and capital have a significant effect on profitability. The ability of the variables risk profile, good corporate governance, earnings, and capital in explaining profitability is 90.6%.

Key words: profitability, bank health level, risk profile, good corporate governance, earnings and capital

Introduction

Economic activity is growing, and every company, especially banking, strives to always be dynamic in following market demands and external demands. One of the facilities that have a strategic role in economic activity is banking. This strategic role is due to the main function of banking as a financial intermediary institution, namely as an institution that can collect funds and distribute public funds effectively and efficiently.

According to Kasmir (2017:12) banks can simply be interpreted as "financial institutions whose main activity is to collect funds from the public and channel these funds back to the community and provide other bank services".

In carrying out its function as a financial intermediary, banks need trust from the public where that trust can be obtained through the performance and soundness of the bank. One of the interested parties to know the performance of a bank is an investor. Before investing, investors make an assessment of the performance and soundness of the bank. This is done by evaluating the effectiveness and efficiency of management in the company.
bank. Thus, investors will know the performance of a bank is getting better or worse. The better the performance and the soundness of the bank, the greater the security guarantee for the capital invested by investors.

Company performance is an important thing that must be considered by every company because performance is a reflection of the company’s ability to manage and allocate its resources. In this case, profit or profitability is used as an indicator of company performance. The profitability measure used is Return on Assets (ROA). The reason for choosing Return on Assets (ROA) as a measure of profitability is because ROA is used to measure the effectiveness of the company in generating profits by utilizing its assets.

Meanwhile, if the Return on Assets (ROA) is seen from the sample of banks listed on the IDX in recent years, several banks are experiencing a decline and ROA is also below standard. Bank Rakyat Indonesia (Persero) Tbk, PT Bank Pembangunan Daerah Jawa Barat and Banten Tbk and PT Bank Tabungan Negara (Persero) Tbk experienced fluctuations with a downward trend in the 2015–2019 period.

The banking sector relies on public trust in running its business. In addition to the measure of profitability, public trust can also be built through the form of transparency from the banking institution, both in terms of financial reports and the state of the health level of the bank published. Based on the Circular Letter of the Financial Services Authority No. 14/SEOJK.03/2017 banks are required to maintain and improve the soundness of banks by applying the principles of prudence and risk management in carrying out business activities, including conducting periodic self-assessments on the soundness of banks and taking effective corrective steps. A healthy bank is a bank that in carrying out its operational activities can maintain and maintain public trust, can carry out the intermediation function, can help smooth payment traffic and can be used by the government in implementing various policies, especially monetary policy by applicable banking regulatory standards. If the bank cannot carry out its functions properly, then the bank can be said to be an unhealthy bank.

Banks are given the trust to manage public funds. Therefore, the government appointed the Financial Services Authority (OJK) as a regulator and supervisor of financial service activities. The standard for conducting bank health assessments refers to the Circular Letter of the Financial Services Authority No. 14/SEOJK.03/2017 concerning Assessment of the Soundness of Commercial Banks which is the implementation guide of the Financial Services Authority Regulation No. 4/POJK.03/2016 Banks are required to conduct a self-assessment of Bank Health using the Risk approach. –based Bank Rating (RBBR) both individually and in a consolidated manner, with the scope of the assessment covering the following factors: Risk Profile (risk profile), Good Corporate Governance (GCG), Earnings (profitability), and Capital (capital).

The risk profile is an assessment of the inherent risk and quality of the implementation of Risk Management in the Bank’s operational activities. The assessed risks consist of 8 (eight) types of Risk, namely Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Reputational Risk, Strategic Risk, and Compliance Risk. One of the risk profiles is that credit risk is the risk due to the failure of the debtor and/or other parties to fulfill their obligations to the Bank, which can be calculated using the Non–Performing Loan (NPL) ratio.

A non–Performing Loan is a ratio between total non–performing loans and total loans extended to debtors. A bank is said to have a high NPL if the number of non–performing loans is greater than the amount of credit extended to debtors. If a bank has a high NPL, it will increase costs, both the cost of reserves for productive assets and other costs, in other words, the higher the NPL of a bank, it will disrupt the bank’s performance (Wildan Farhat Pinasti and RR. Indah Mustikawati, 131). :2018).

To continue to maintain the trust of their customers, banks are also required to submit a self-assessment report on the implementation of Good Corporate Governance (GCG) to the Financial Services Authority at the end of June and the end of December as stipulated in the provisions of the Financial Services Authority regarding the Rating of the Soundness of Commercial Banks in a simple manner. Good Corporate Governance can be defined as a system that regulates and controls the company to create added value for all stakeholders. As research conducted by Arfin Nur Hidayah (2019) and Mayrosa Dewi Suhita and Imam Mas’ud (2016) stated that Good Corporate Governance (GCG) has a positive and significant effect on Profitability or Return on Assets (ROA). However, research from Sheila and Dharmastuti (2018) states the opposite, namely Good Corporate Governance (GCG) has a negative and insignificant effect on Profitability or Return on Assets (ROA).

Earnings or bank profitability consists of operational performance and profitability. Operational performance is the bank’s ability to manage its operating costs and income. One of the ratios that can be used to measure the operational performance of a bank is the ratio between Operating Costs and Operating Income (BOPO). Through this ratio, it can be measured whether the bank’s management has used all its production factors effectively and efficiently.

The profitability of a bank is strongly influenced by the capital in the bank. This capital is stated in the bank’s capital adequacy, namely the Capital Adequacy Ratio (CAR). Capital Adequacy Ratio (CAR) is a ratio that shows how much all bank assets that contain risks (credits, investments, securities, claims on other banks) are also financed from their capital in addition to obtaining funds from sources outside the bank.
Literature Review

Signalling Theory

Signaling Theory emphasizes the importance of information issued by the company to the investment decisions of parties outside the company. Information is an important element for investors and business people because information essentially presents information, notes or descriptions for both past, current and future conditions for the survival of a company and how the securities market will be. Complete, relevant, accurate and timely information is needed by investors in the capital market as an analytical tool to make investment decisions.

According to Jogiyanto in Pramana and Abundanti (2017: 6330) said that "Signing Theory is information published as an announcement that will provide a signal for investors in making investment decisions. If the announcement contains a positive value, it is expected that the market will react when the announcement is received by the market.

Complaint and Suggestion System

According to Kasmir (2017:12), a bank can simply be interpreted as "a financial institution whose main activity is collecting funds from the public and channeling these funds back to the community and providing other bank services". More broadly according to Kasmir (2017:13) said "Banks are companies engaged in finance, meaning that banking activities are always related to finance".

According to Ivalaina Astarina (2019: 1) said that "Banks collect funds from the public in the form of deposits, both demand deposits, savings deposits or time deposits and distribute them again to the community in the form of credit so that it is hoped that people's living standards can increase".

Profitability

According to Mamduh M. Hanafi (2016: 42) said that "Profitability is a ratio that measures the company's ability to generate profits (Profitability) at a certain level of sales, assets and share capital".

According to Kasmir (2016: 196) said that "The profitability ratio is the ratio used to assess the company’s ability to seek profit".

According to V. Wiratna Sujarweni (2017:114) said that "The profitability ratio is a ratio used to measure the level of rewards or gains (profits) compared to sales or assets, measuring how much the company’s ability to earn profits in relation to the sale of assets as well as profits and own capital.

Bank Health

Based on article 29 of Law no. 7 of 1992 as amended by Law of the Republic of Indonesia Number 10 of 1998 concerning banking, banks are required to maintain the soundness of banks by the provisions of capital adequacy, asset quality, management quality, liquidity, profitability, solvency, and other aspects related to the bank's business. , and must carry out business activities by the precautionary principle.

According to Rizky in Dwi Febriana Paputungan (2016: 729) said that "A healthy bank or bank is a bank that can maintain and maintain public trust, can carry out intermediation functions, can help smooth payment traffic, and can be used by the government in implementing various policies, especially monetary policy. Banks in carrying out these functions are expected to provide good services to the community and benefit the economy as a whole".

According to Riady in Dwi Febriana Paputungan (2016: 729) said that "The soundness of a bank is an assessment of the condition of a bank’s financial statements at a certain period and time by Bank Indonesia standards".

According to Totok Budisantoso (2017:73) said that "The health of a bank can be defined as the ability of a bank to carry out operational activities; banking normally and can fulfill all their obligations properly in a manner that is by applicable banking regulations".

RGEC

The standard for determining the rating of bank soundness has been determined by the government through Bank Indonesia, which has now shifted responsibility to the Financial Services Authority. Based on Financial Services Authority Regulation No. 4/POJK.03/2016 concerning Assessment of Commercial Bank Soundness Level, Article 6: Banks are required to conduct an individual Bank Soundness Level assessment with assessment coverage of the following factors: risk profile (Risk Profile); Good Corporate Governance (GCG); profitability (Earnings); and capital (Capital). With complete guidelines referring to the Circular Letter of the Financial Services Authority No. 14/SEOJK.03/2017, namely:

a. Risk Profile Assessment (Risk Profile)
Risk profile assessment is an assessment of the inherent Risk and the quality of Risk Management implementation in the Bank’s operational activities. The assessed risks consist of 8 (eight) types of Risk, namely Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Reputational Risk, Strategic Risk, and Compliance Risk. In assessing the risk profile, the Bank also pays attention to the scope of application of Risk Management as stipulated in the provisions of the Financial Services Authority regarding the Implementation of Risk Management for Commercial Banks.

b. Good Corporate Governance Assessment
Penilaian faktor Good Corporate Governance bagi Bank Umum merupakan penilaian terhadap kualitas manajemen bank atas pelaksanaan 5 (lima) prinsip Good Corporate Governance yaitu: transparansi, akuntabilitas, pertanggungjawaban, independen si, dan kewajaran. Prinsip-prinsip Good Corporate Governance dan fokus penilaian terhadap pelaksanaan prinsip-prinsip Good Corporate Governance tersebut berpedoman pada ketentuan Good Corporate Governance yang berlaku bagi bank umum dengan memperhatikan karakteristik dan kompleksitas usaha bank.

Dalam rangka memastikan penerapan 5 (lima) prinsip dasar Good Corporate Governance yang baik sebagaimana dimaksud di atas, Bank harus melakukan penilaian sendiri (self-assessment) secara berkala yang paling sedikit meliputi 11 (sebelas) faktor penilaian penerapan Good Corporate Governance sebagaimana diatur dalam ketentuan Good Corporate Governance yang berlaku bagi bank umum sebagai berikut: (Surat Edaran Otoritas Jasa Keuangan Nomor 13/SEOJK.03/2017).

c. Profitability Assessment (Earnings)
The assessment of profitability factors includes an evaluation of profitability performance, sources of profitability, sustainability of earnings (Earnings’ sustainability), and profitability management. The assessment is carried out by considering the level, trend, structure, profitability stability, and comparison of the Bank’s performance with the performance of the peer group, both through analysis of quantitative and qualitative aspects. (Financial Services Authority Circular Letter Number 14/SEOJK.03/2017)

In determining the peer group, the Bank needs to pay attention to the business scale, characteristics, and/or complexity of the Bank’s business as well as the availability of data and information held. The determination of the profitability factor rating is carried out based on a comprehensive analysis and structure of the profitability parameters or indicators as referred to above by taking into account the significance of each parameter or indicator as well as considering other issues that affect the Bank’s profitability.

The determination of the profitability factor is categorized into 5 (five) ranks, namely Rank 1, Rank 2, Rank 3, Rank 4, and Rank 5. The order in which the lower profitability factor rating reflects better profitability conditions. The indicator for assessing the profitability factor can be seen from the financial ratios of profitability, one of which is Operational Costs on Operating Income (BOPO). Operating costs are costs incurred by banks in carrying out their main business activities (interest costs, labor costs, marketing costs, and other operating costs). Operating income is the bank’s main income, namely interest income obtained from placement of funds in the form of credit and other operating income.

d. Capital Assessment
The assessment of the capital factor includes an evaluation of the adequacy of capital and the adequacy of capital management. In calculating capital, including linking capital adequacy with risk profile, the Bank refers to the provisions of the Financial Services Authority which regulates the Minimum Capital Adequacy Requirement for Commercial Banks. (Financial Services Authority Circular Letter No. 14/SEOJK.03/2017)

In conducting the assessment, the Bank needs to consider the level, trend, structure, and stability of capital by taking into account the performance of the peer group and the adequacy of the Bank’s capital management. The assessment is carried out using either quantitative or qualitative parameters or indicators. In determining the peer group, the Bank needs to pay attention to the business scale, characteristics, and/or complexity of the Bank’s business as well as the availability of data and information held.

Hypothesis

Effect of Risk Profile, Good Corporate Governance, Earnings and Capital on Profitability
Risk Profile, Good Corporate Governance, Earnings and Capital are often referred to as the RGEC method is a method for determining the assessment of bank soundness levels that have been determined by the government through the Financial Services Authority. Based on the Financial Services Authority Regulation No. 4/POJK.03/2016 concerning Assessment of the Soundness of Commercial Banks with complete guidelines referring to the Circular Letter of the Financial Services Authority No. 14/SEOJK.03/2017.

The soundness of a bank is the result of an assessment of the bank’s condition which is carried out on the risk of a bank’s performance. Banks are required to maintain or improve the soundness of banks by applying the principles of prudence and risk management in carrying out business activities because the level of soundness of banks is one of the references for investor or public trust in banking companies.

Reduced investor or public confidence will result in reduced capital obtained by banks and will affect the profitability of the bank concerned.
These results are in line with research conducted by Andy Setiawan (2017) which shows that Risk Profile, Good Corporate Governance, Earnings, Capital have a significant effect on Profitability (ROA).

Based on this description, the following hypothesis can be formulated:

**H1: Risk Profile, Good Corporate Governance, Earnings and Capital have a simultaneous effect on Profitability**

### Effect of Risk Profile on Profitability

Assessment of the Risk Profile or risk profile is an assessment of the inherent Risk and the quality of Risk Management implementation in the Bank’s operational activities. This study uses credit risk by calculating the ratio of Non Performing Loans (NPL).

Non–Performing Loan (NPL) is a ratio that shows the ability of bank management to manage non–performing loans and the overall loans extended by banks. The higher the Non–Performing Loan (NPL), the possibility of a bank experiencing a very high loss which automatically decreases profits and the Profitability or Return on Assets (ROA) of a bank also decreases.

These results are in line with research conducted by Sheila & Dharmastuti (2018) which shows that Non-Performing Loans (NPL) have a negative effect on Profitability (ROA).

Based on this description, the following hypothesis can be formulated

**H2: Risk Profile has a negative effect on Profitability**

### The Effect of Good Corporate Governance on Profitability

Good Corporate Governance is a bank governance that applies the principles of openness, accountability, responsibility, independence and fairness which aims to improve the quality of bank management and operations in order to seek profit. (Financial Services Authority Circular Letter Number 13/SEOJK.03/2017)

Good Corporate Governance in this study uses self-assessment in calculating the composite value rating. The higher the performance of Good Corporate Governance (GCG), the quality of management in carrying out bank operations can be said to be good, so that banks can benefit. Good corporate governance will certainly improve the bank’s performance and will have an impact on its profitability. Of course, the better the bank’s governance, the more effective and efficient its performance will be. If the bank’s performance is effective and efficient, of course, the income obtained will be maximized, with the maximum income obtained, the profit earned will also be maximized.

These results are in line with research conducted by Mayrosa Dewi Suhiha & Imam Mas’ud (2016) and Arfin Nur Hidayah (2019) which shows that Good Corporate Governance (GCG) has a positive effect on Profitability (ROA).

Based on this description, the following hypothesis can be formulated:

**H3: Good Corporate Governance has a positive effect on profitability**

### Effect of Earnings on Profitability

Earnings in this study by calculating the ratio of Operating Costs to Operating Income (BOPO). Operational costs are costs incurred by the bank in carrying out its activities including: salary costs, rental costs, etc. While operating income is the income obtained by the bank through lending in the form of interest rates.

Operational costs on operating income are used to measure the level of efficiency and ability of the bank in carrying out its operational activities. Considering that the main activity of a bank is to act as an intermediary, namely to collect funds from the public and channel it back to the community, the costs and operating income of a bank are dominated by interest costs and interest yields. Banks that are efficient in reducing their operational costs can reduce bank inefficiency in managing their business so that the profits obtained will also increase. The smaller this ratio means the more efficient the operational costs incurred by the bank concerned (Silvia Hendrayanti, Harjum Muharam 2013).

Any increase in operating costs will result in reduced profit before tax which in turn will reduce Profitability or Return on Assets (ROA).

These results are in line with research conducted by Sheila & Dharmastuti (2018) which shows that Operating Costs on Operating Income (BOPO) have a negative effect on Profitability (ROA).

Based on this description, the following hypothesis can be formulated:

**H4: Earnings have a negative effect on profitability**

### Effect of Capital on Profitability

Capital is the main source of bank operational activities, banks must have sufficient capital to support their business activities. The capital ratio used in this study is the Capital Adequacy Ratio (CAR). Capital Adequacy Ratio (CAR) is measured from the ratio between Capital to Risk Weighted Assets (RWA). The Capital Adequacy Ratio (CAR) ratio is intended to increase discipline and professionalism for each bank in managing all assets owned in order to gain profits for the bank and maintain the possibility of risk of business losses arising.

The higher the Capital Adequacy Ratio (CAR) shows the higher the capital owned by the bank, so the stronger the bank’s ability to bear the credit risk given. Or in other words, the higher the capital adequacy to bear the risk of bad loans so that the bank’s performance is getting better and can increase public confidence in the bank concerned which leads to increased profits or profitability (ROA).
These results are in line with research conducted by Arfin Nur Hidayah (2019) and Henry Ocky Parsaoran & Diena Noviarini (2014) which showed that the Capital Adequacy Ratio (CAR) had a positive effect on Profitability (ROA). Based on this description, the following hypothesis can be formulated:

**H5:** Capital has a positive effect on profitability

**Method**

The research approach that the author uses in this study is descriptive research with a quantitative approach, because the data obtained are then processed and analyzed. This research is a quantitative research that uses secondary data, namely data collected indirectly from the source which is time series. Secondary data is data obtained or collected by the author from various existing sources.

In accordance with the research title that the author chose, namely "Analysis of the Effect of Bank Soundness Using the RGEC (Risk Profile, Good Corporate Governance, Earnings, Capital) Method on Profitability in Banking Companies Listed on the IDX for the 2015–2019 Period". Then there are two types of variables to be studied, namely Risk Profile, Good Corporate Governance, Earnings, and Capital as independent variables (Independent) and Profitability as related variables (Dependent). The following are the variables used in this study, namely:

**Independent Variable (Independent)**

The independent variable is a variable that affects or is the cause of the change or the emergence of the dependent variable (dependent). The independent variable in this study is the Risk Profile which is represented by credit risk measured by the ratio of Non Performing Loans (NPL), Good Corporate Governance, Earnings is measured by the ratio of Operating Costs to Operating Income (BOPO) and Capital is measured by the ratio of Capital Adequacy Ratio (CAR).

**Risk Profile**

Risk profile assessment is an assessment of the inherent risk and quality of the implementation of Risk Management in the Bank's operational activities. The assessed risks consist of 8 (eight) types of Risk, namely Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Reputational Risk, Strategic Risk, and Compliance Risk. In this study, it is represented by Credit Risk measured by the ratio of Non Performing Loans (NPL) formulated as follows:

\[ \text{NPL} = \frac{\text{Bad Debt}}{\text{Total Debt}} \times 100\% \]

**Good Corporate Governance**

Good Corporate Governance in its measurement uses the Self-Assessment method because based on the Circular Letter of the Financial Services Authority No. 13/SEOJK.03/2017 requires Self-Assessment in measuring GCG. Self-assessment is a self-assessment of each bank with the approval of the board of directors by referring to the composite rating in the Financial Services Authority Circular Letter No. 13/SEOJK.03/2017.

Banks must conduct self-assessment regularly which includes at least 11 (eleven) assessment factors for the implementation of Good Corporate Governance as stipulated in the Good Corporate Governance provisions applicable to commercial banks as follows: (Financial Services Authority Circular Letter Number 13/ SEOJK.03/2017).

**Earnings**

This assessment shows the bank’s ability to create profit. Meanwhile, the ratio used to assess profitability is Operating Costs on Operating Income (BOPO). This ratio is used to determine the level of comparison between the operational costs borne by the bank and the operating income earned by the bank. The amount of BOPO value can be calculated by the formula:

\[ \text{BOPO} = \frac{\text{Operating Cost}}{\text{Operating Revenue}} \times 100\% \]

**Capital**

Capital or Capital assessed is the capital owned by the bank, based on the bank’s minimum capital requirement. The assessment is based on the CAR that has been determined by Bank Indonesia. The CAR ratio is the ratio of capital to risk-weighted assets (RWA). Following the provisions set by the Financial Services Authority, banks must have a minimum CAR of 8% (Financial Services Authority Regulation Number 11/POJK.03/2016 article 2 paragraph 3). For banks that have a CAR below 8%, the bank is under special supervision from the Financial Services Authority. This ratio is formulated as follows:

\[ \text{BOPO} = \frac{\text{Capital}}{\text{Risk Weighted Assets}} \times 100\% \]
Dependent Variable

The dependent variable is a variable that is influenced by or is the result, because of the independent variable. The dependent variable in this study is profitability measured by the ratio of Return on Assets (ROA) of banking companies listed on the Indonesia Stock Exchange in 2015–2019. Return on Assets (ROA) is one of the profitability ratios used to measure the company’s effectiveness in generating profits by utilizing its total assets. ROA is the ratio between profit before tax to the total assets of the bank. This ratio can be formulated as follows:

\[
\text{Return on Asset} = \frac{\text{Earning Before Tax}}{\text{Total Assets}} \times 100\%
\]

The population in this study are banking companies listed on the Indonesia Stock Exchange in 2015–2019. In this research, the analytical method used is descriptive statistical data analysis and multiple regression analysis with Ordinary Least Square (OLS) through descriptive statistical tests, classical assumption tests, and hypothesis testing. The tools used in the data processing are SPSS (Statistical Product and Service Solutions) version 25.0 and Microsoft Excel 2016.

Results and Discussion

Descriptive Statistics

Based on the raw data obtained from the sample financial statements and governance reports, the ratios used in this study can be calculated which include Non-Performing Loans, Good Corporate Governance, Earnings, and Capital. The results of descriptive statistical testing of the four variables through the original data, the results obtained are by the table below:

<table>
<thead>
<tr>
<th>Table 1. Descriptive Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>Risk Profile</td>
</tr>
<tr>
<td>Good Corporate Governance</td>
</tr>
<tr>
<td>Earnings</td>
</tr>
<tr>
<td>Capital</td>
</tr>
<tr>
<td>Profitabilitas</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
</tr>
</tbody>
</table>

Source: SPSS Output

Normality Test

The normality test aims to test whether in the regression model, the residual data has a normal distribution. To test the residual data has a normal distribution or not, it can be determined by the Kolmogorov–Smirnov test. The results of the Kolmogorov–Smirnov test can be seen in the table below:

<table>
<thead>
<tr>
<th>Table 2. Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>Normal Parameters</td>
</tr>
<tr>
<td>Mean</td>
</tr>
<tr>
<td>Std. Deviation</td>
</tr>
<tr>
<td>Most Extreme Differences</td>
</tr>
<tr>
<td>Absolute</td>
</tr>
<tr>
<td>Positive</td>
</tr>
<tr>
<td>Negative</td>
</tr>
<tr>
<td>Test Statistic</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
</tr>
</tbody>
</table>

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
Source: SPSS Output
Based on the table above, it can be seen that the statistical test value on Kolmogorov–Smirnov obtained from the test results is 0.105 with a significant value of 0.099. The significant value of Kolmogorov–Smirnov which is greater than the significance level of 0.05 (0.09 ≥ 0.05) indicates that the residual data are normally distributed. Thus, the use of parametric statistics in hypothesis testing can be done.

**Multicollinearity Test**

The multicollinearity test aims to test whether the regression model found a correlation between the independent variables (independent). A good regression model should not correlate with the independent variables, if the independent variables are correlated with each other then these variables are not orthogonal (equal to zero).

The results of the multicollinearity test can be seen in the table below:

<table>
<thead>
<tr>
<th>Model</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk Profile</td>
<td>0.961</td>
<td>1.041</td>
</tr>
<tr>
<td>Good Corporate Governance</td>
<td>0.936</td>
<td>1.069</td>
</tr>
<tr>
<td>Earnings</td>
<td>0.803</td>
<td>1.246</td>
</tr>
<tr>
<td>Capital</td>
<td>0.821</td>
<td>1.218</td>
</tr>
</tbody>
</table>

Source: SPSS Output

The results of the calculation of the tolerance value show that there is no independent variable that has a value of 0.10, namely the value of Risk Profile (0.961), Good Corporate Governance (0.936), Earnings (0.803), and Capital (0.821). has a value of 10.00, namely the value of Risk Profile (1.041), Good Corporate Governance (1.069), Earnings (1.246), and Capital (1.218). This shows that there is no multicollinearity between independent variables in the regression model. Thus the data has met the requirements to be tested.

**Heteroscedasticity Test**

Heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another observation. To detect the presence or absence of heteroscedasticity by looking at the graph plot between the predicted values of the related (dependent) variables, namely ZPRED and SRESID.

From the plot graph data above, it can be concluded that there are no problems or symptoms of heteroscedasticity because it is the basic characteristic of decision making.

**Autocorrelation Test**

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding error in period t and the confounding error in period t-1 (previous). If there is a correlation, it is called an autocorrelation problem. Autocorrelation arises because consecutive observations over time are related to each other (Ghozali, 2016).
The results of the Autocorrelation Test with Durbin–Watson can be seen in the table below:

**Table 4. Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin–Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.955</td>
<td>0.912</td>
<td>0.906</td>
<td>0.26160</td>
<td>1.518</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), CAR, BOPO, NPL, GCG  
b. Dependent Variable: ROA  
Source: SPSS Output

Because \( d_L \leq d \leq d_U \) is \( 1.444 \leq 1.518 \leq 1.727 \), it can be concluded that there is no definite conclusion about the presence or absence of autocorrelation symptoms from the data.

Therefore, the next test will be carried out by using a run test to ascertain whether or not there are symptoms of autocorrelation. The results of the Autocorrelation Test with the Run Test can be seen in the table below:

**Table 5. Autocorrelation Test**

<table>
<thead>
<tr>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test Value ( ^a )</td>
</tr>
<tr>
<td>Cases ( \leq ) Test Value</td>
</tr>
<tr>
<td>Cases ( \geq ) Test Value</td>
</tr>
<tr>
<td>Total Cases</td>
</tr>
<tr>
<td>Number of Runs</td>
</tr>
<tr>
<td>Z</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
</tr>
</tbody>
</table>

a. Median  
Source: SPSS Output

Based on the SPSS output above, the Asymp value is known. Sig (2-tailed) of 0.068 is greater than 0.05, it can be concluded that there are no symptoms or problems with autocorrelation. Thus, the autocorrelation problem that cannot be resolved with Durbin–Watson can be resolved through a run test so that the linear regression analysis can be continued.

**Coefficient Determinant**

**Table 6. Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.955</td>
<td>0.912</td>
<td>0.906</td>
<td>0.26160</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Capital, Earnings, Risk Profile, Good Corporate Governance  
Source: SPSS Output

Based on Table 6, the Adjusted R Square value is 0.906 or 90.6%. And it can be concluded that the effect of Risk Profile, Good Corporate Governance, Earnings and Capital on Profitability is 90.6%. While the remaining 9.4% (100% - 90.6%) is influenced by other variables outside the regression model of this study.

**F Test**

Based on Table, \( H_1 \) is accepted referring to the significant result of \( 0.000 < 0.05 \) and the Fcount value is 142.614. So Fcount \( > F \) table \( (142,614 > 2.54) \). So from the above analysis, it can be concluded that together the independent variables consisting of Risk Profile (X1), Good Corporate Governance (X2), Earnings (X3), and Capital (X4) have a significant effect on the Profitability variable (Y).

Partial test results as in the table above, the analysis will be carried out as follows:

**H2: Risk Profile has a negative effect on Profitability**
Table 7. ANOVAa

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>39,039</td>
<td>4</td>
<td>9,760</td>
<td>142,614</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>3,764</td>
<td>55</td>
<td>.068</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>42,803</td>
<td>59</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Profitabilitas
b. Predictors: (Constant), Capital, Earnings, Risk Profile, Good Corporate Governance

Table 8. Coefficientsa

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>9,568</td>
<td>0,645</td>
<td>14,829</td>
<td>0</td>
</tr>
<tr>
<td>Risk Profile</td>
<td>0,06</td>
<td>0,039</td>
<td>1,545</td>
<td>0,128</td>
</tr>
<tr>
<td>Good Corporate Governance</td>
<td>-0,362</td>
<td>0,157</td>
<td>-2,314</td>
<td>0,024</td>
</tr>
<tr>
<td>Earnings</td>
<td>-0,095</td>
<td>0,005</td>
<td>-2,101</td>
<td>0,04</td>
</tr>
<tr>
<td>Capital</td>
<td>0,028</td>
<td>0,013</td>
<td>2,101</td>
<td>0,04</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Profitabilitas

Based on Table, H2 is rejected referring to the significant result of 0.128 > 0.05 and the Tvalue value is 1.545. So Tvalue ≥ Ttable (1.545 ≤ 2.004). So from the above analysis, it can be concluded that the Risk Profile as measured by NPL has no significant effect on Profitability as measured by ROA.

H3: Good Corporate Governance has a positive effect on Profitability

Based on Table, H3 is rejected referring to the significant result of 0.024 < 0.05 and the Tvalue value is -2.314. So Tvalue ≤ Ttable (-2.314 ≤ 2.004). So from the above analysis, it can be concluded that Good Corporate Governance obtained from the results of self-assessment (self-assessment) has a significant negative effect on profitability as measured by ROA.

H4: Earnings have a negative effect on profitability

Based on Table, H4 is accepted referring to the significant result of 0.000 < 0.05 and the Tvalue value is -19.753. So Tvalue ≥ Ttable (-19.753 ≤ 2.004). So from the above analysis, it can be concluded that Earnings, as measured by BOPO, have a significant negative effect on Profitability as measured by ROA.

H5: Capital has a positive effect on Profitability

Based on Table, H5 is accepted referring to the significant result of 0.040 < 0.05 and the Tvalue value is 2.101. So Tvalue ≥ Ttable (2.101 ≥ 2.004). So from the above analysis, it can be concluded that Capital, as measured by CAR, has a significant positive effect on Profitability as measured by ROA.

Conclusion

a. Physical facilities have a positive and significant effect on customer satisfaction.

b. Service quality has a positive and significant effect on customer satisfaction.

c. The coefficient of determination of customer satisfaction is 0.552 or 55.2%, meaning that simultaneously the magnitude of the effect of exogenous constructs on endogenous is 55.2% and the remaining 44.8%, influenced by other factors not included in this study.

Advice Theoretical Advice

Develop other variables that may influence customer satisfaction.

a. Risk Profile (X1), Good Corporate Governance (X2), Earnings (X3) and Capital (X4) has a simultaneous effect on Profitability (Y) as evidenced by the number Fcount ≥ Ftable (142.614 ≥ 2.54) and a significance of 0.000 ≤ 0.05, this means that the Risk Profile variable as measured by Non-Performing Loan, Good Corporate Governance obtained from the results of self-assessment, Earnings as measured by Operating Costs on Operating Income and Capital as measured by Capital Adequacy Ratio simultaneously has a significant effect on profitability as measured by Return on Assets. Thus H0 is rejected and H1 is accepted.

b. Risk Profile (X1) does not affect Profitability (Y) as evidenced by the number Tvalue ≤ Ttable (1.545 ≤ 2.004) and a significance of 0.128 > 0.05 proving that the Risk Profile has no significant effect on Profitability. This means that the Risk Profile as measured by Non-Performing Loans, namely by dividing non-performing loans by total
loans partially cannot determine how much Profitability is measured by Return on Assets. Thus H0 is accepted and H2 is rejected.

c. Good Corporate Governance (X2) has a significant negative effect on Profitability (Y) as evidenced by T value $\leq T_{table}$ and a significance of $0.024 \leq 0.05$ proving that Good Corporate Governance has a significant negative effect on Profitability. This means that Good Corporate Governance obtained from the results of the GCG self-assessment partially cannot determine how much Profitability is measured by Return on Assets. Thus H0 is accepted and H3 is rejected.

d. Earnings (X3) have a negative effect on Profitability (Y) as evidenced by T value $\leq T_{table}$ and a significance of $0.000 < 0.05$ proving that Earnings have a significant negative effect on Profitability. This means that Earnings as measured by Operating Costs on Operating Income, namely by dividing operating costs by operating income partially can determine how much Profitability is measured by Return on Assets. Thus H0 is rejected and H4 is accepted.

e. Capital (X4) has a positive effect on Profitability (Y) as evidenced by the number T value $\geq T_{table}$ and a significance of $0.040 < 0.05$ proving that Capital has a significant positive effect on Profitability. This means that Capital as measured by the Capital Adequacy Ratio by dividing capital by risk-weighted assets can partially determine how much Profitability is measured by Return on Assets. Thus H0 is rejected and H5 is accepted.

References


