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The Effect of CAR, BOPO, and NPF on The Profit-Sharing Ratio ofSharia Commercial Banks in Indonesia for the Period 2009 – 2023

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Abstract. This research aims to analyze the effect of CAR, BOPO, and NPF on Profit Sharing Ratio: Indonesian Islamic commercial banks in 2009-202. Data obtained from the Indonesian Sharia Agency website, with a quantitative analysis approach through multiple linear regression methods. The results of the analysis show that CAR and NPF have no influence on PSR, while BOPO has a negative and significant influence on the PSR variable. This finding indicates that capital and the level of non-performing financing have not been able to significantly increase revenue from profit-sharing financing, but operational efficiency is an important factor in increasing PSR in Islamic banks. This study provides recommendations for the management of Islamic banks to increase operational efficiency, improve financing quality.
Keywords: CAR, BOPO, NPF, Profit Sharing Ratio

I. Introduction

Sharia banking in Indonesia has changed significantly in recent years. This factor is known by the increase in sharia banking and sharia businesses running in Indonesia. As a financial institution that operates its activities based on principles

Islamic sharia, Islamic banks have different characteristics compared to conventional banks, one of which is the implementation of a profit-sharing system.

Profit Sharing Ratio is one of the main performance factors for Islamic banks which reflects the bank's income from financing with the principle of profit sharing. The level of PSR can be influenced by many factors, such as the adequacy of assets owned by a Capital Adequacy bank Ratio, Operational Costs, Operational Income, and NPF (Rizki Galih Kuncoro, 2021).

CAR is a comparison that shows a bank's ability to maintain sufficient capital for operational activities and cover the risk of loss. Meanwhile, BOPO measures a bank's efficiency when carrying out its operations. The NPF reflects the problematic financing ratio faced by Islamic banks. These three comparisons are thought to have an influence on Profit Sharing Ratio in Indonesian sharia commercial banks (Muhamat Iqbal, 2022).

By looking at the development of the Islamic banking industry in Indonesia and the importance of PSR as a main indicator, this research aims to analyze the influence of CAR, BOPO and NPF on Profit Sharing Sharia commercial bank ratio in Indonesia for the 2009-2023 period. It is hoped that the research results will be able to provide information to Islamic bank management when making appropriate policies to improve bank performance in the future.

Table 1. Data CAR, BOPO, NPF, PSR

YEAR	CAR	BOPO	NPF	PSR
2009	34.72	76.58	8.11	3.21
2010	30.28	80.85	8.38	2.76
2011	29.98	64.69	7.03	5.00
2012	27.46	78.08	6.50	3.49
2013	23.49	76.31	7.05	2.67
2014	25.16	80.02	6.15	2.64
2015	22.08	80.75	6.50	2.79
2016	22.77	87.79	7.89	2.26

2017	21.47	88.09	8.20	2.20
2018	21.73	87.09	8.63	2.27
2019	20.81	85.34	9.68	2.55
2020	19.33	87.66	9.30	1.87
2021	17.99	84.12	7.05	2.61
2022	28.60	87.62	7.24	2.01
2023	23.79	87.63	6.95	1.73

II. Literature Review

A. Capital Adequacy Ratio (CAR)

CAR is the fund fulfillment ratio that banks must provide to guarantee depositors' funds. The aim is to ensure that the bank has sufficient liquidity and the ability to pay depositors. Initial funds are an important indicator when developing a business and reducing the risk of loss. The higher the CAR, the stronger the bank's ability to bear risks from risky credit or productive assets. The bank's CAR must meet the specified minimum requirements, namely 8%. If the CAR is high, the bank's ability to reduce risk is also high. Bank capital consists of paid-in capital, reserves, retained earnings and current year profit. Thus, CAR reflects the strength of bank capital in facing risk (Fathinah, 2020).

B. Operating Costs Operating Income (BOPO)

According to Malayu in (Azhari, 2021) BOPO is a ratio so that you can compare operational costs with operational income in the same year. The BOPO ratio is used to measure the bank's strength in controlling operational costs relative to the operational income received. The ideal BOPO ratio is a ratio that experiences depreciation every year, because the lower the BOPO ratio indicates that the bank is better at controlling its operational costs relative to operating income. On the other hand, if the BOPO ratio increases from the previous year, it means that the bank has less control over operational costs optimal.

So, the BOPO ratio is an important indicator for banks in monitoring and controlling their operational efficiency. The lower the BOPO ratio, the better the bank's performance in managing operational costs so that the bank's operational profit will increase.

C. Non-Performing Financing (NPF)

NPF in sharia banking is a financial ratio that reflects the risk management provided by the bank. This ratio indicates the strength of banking management when processing risky financing imposed on customers. The quality of financing is assessed based on the risk of the customer's possible inability to pay profit sharing, installments or pay funds to the bank. The higher the NPF ratio, the worse the bank's credit quality and the greater the amount of risky financing, thereby increasing the risk of the bank experiencing problems. The NPF ratio can be compared with the NPF health qualifications of Islamic banks (Rivai, 2013).

III. Research Method

The data used in this research is X1 (Capital Adequacy Ratio), X2 (Operating Costs Operating Income), X3 (Non-Performing Financing) on the dependent variable Y (Profit Sharing Ratio) obtained from the Indonesian Sharia Agency website. The analytical approach applied is quantitative analysis. The quantitative analysis process is carried out through multiple linear regression methods, and this research aims to understand the influence of CAR, BOPO, NPF on Profit Sharing Ratio at Indonesian Sharia Banks in 2009 - 2023. The model used in this research is:

$$Y = \alpha + \beta 1\ X1 + \beta 2\ X2 + \beta 3\ X3 + e$$

Information:
Y = Profit Sharing Ratio
α = Constant
β1 X1 = CAR
β2 X2 = BOPO
β3 X3 = NPF
e = Standard error

IV. Results and Discussion
A. Results
1. Coefficient of Determination

Calculation of the coefficient of determination is intended to be able to calculate the model's ability to apply the dependent variable. In this research, the R 2 2 test calculation was carried out to measure the influence of the independent variable on the dependent variable. Following are the calculation results:

Tabel 2. SPSS

Mode l	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.939a	.882	.850	.30943

According to **TABLE 2** which has been presented, it is known that R^2 has a value of 0.882 which means that 88.2% of the *Profit-Sharing variable The ratio* is influenced by CAR, BOPO, and NPF. Meanwhile, the remaining 11.8% was caused by other variables not listed in the research.

2. Test f

This test is used to be able to analyze whether all independent variables have a simultaneous influence on the dependent variable, a = 5% with df = (k; n - k) = (3 ; 15– 3) = (3 ; 12), F table = 3.49

Tabel 3. SPSS

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.889	3	2.630	27.466	.000b
	Residual	1.053	11	.096		
	Total	8.942	14			

According to **TABLE 3** which has been presented, the calculated f results are obtained 27,466 is greater than F table with a shift coefficient value of F = 0.000 > 0.05, this means that based on the two discussions in the test above, it can be concluded that the independent variables simultaneously influence the dependent variable. So H1 is accepted that there is a simultaneous influence between CAR, BOPO, NPF on *Profit Sharing Ratio.*

3. T test

Table 4. SPSS

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.174	1.642		7.416	.000
	CAR	-.003	.022	-.020	-.159	.877
	NPF	.067	.086	.088	.781	.451
	BOPO	-.121	.017	-.982	-7.310	,000

Based on Table 4 above, the test results were found as follows:

a) *Capital Adequacy Variable Ratio* (CAR) shows that the calculated T value is -0.159 while the T table value at a significance of 0.05 is 2.145. Therefore, it can be concluded that T count (-0.159) < T table 2,145. Along with the significance value (0.877 > 0.05), this shows that the *Capital Adequacy variable Ratio* does not have a significant and negative influence on Profit Share Ratio.

b) The Operational Costs Operational Income (BOPO) variable shows that the T value is calculated is -7.310 while the T table value at a significance of 0.05 it is 2.145. Therefore, it can be concluded that T count (-7.310) < T table 2,145. Along with the significance (0.000 < 0.05), this shows that the Operational Costs Operational Income variable has a significant and negative influence on *Profit Share Ratio.*

c) The NPF variable shows that the calculated T value is 0.781 while the T table value at a significance of 0.05 is 2.145. Therefore, it can be concluded that T count (0.781) < T table 2,145. Along with the significance value (0.451 > 0.05), this shows that the variable is *Non-Performing Financing* has no significant effect on *Profit Share Ratio*.

4. Multiple linear regression

Tabel 5. SPSS

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	12.174	1.642	
	CAR	-.003	.022	-.020
	NPF	.067	.086	.088
	BOPO	-.121	.017	-.982

Based on the regression test in **Table 5**, the resulting equation is as follows:

$Y = \alpha + \beta 1\ X1 + \beta 2\ X2 + \beta 3\ X3 + e$

$Y = 180.728 - 1.493\ X1 - 1.376\ X2 + 0.127\ X3 + e$

B. Discussion

1. Constant

It is known that the constant obtained is 12,174, this shows that the variables X1, 12,174

2. The Influence of Capital Adequacy Ratio on Profit Sharing Ratio

Regression coefficient for Capital Adequacy The ratio has a value of -0.20. This indicates that when the CAR increases by 1%, it will have an impact on increasing the PSR of Islamic commercial banks in Indonesia by - 0.20%. The results of the research are in line with research conducted by Solitika Nasution et, al. (2023) who found that CAR has a positive but not significant influence on returns on Assets (ROA). This condition is caused by Bank Indonesia regulations which require a minimum CAR of 8%, so that all banks try to maintain the CAR ratio in accordance with these regulations.

3. The Influence of Operational Costs operational Income on Profit Sharing Ratio

The regression coefficient for BOPO is -0.892. This means that if the BOPO value decreases by 1%, it will have an impact on increasing the PSR at Bank Syariah Indonesia by -0.892%. The BOPO value reflects the bank's efficiency when carrying out its main business activities. The lower the BOPO value, the more efficient the bank will be when carrying out its operations. Thus, if the BOPO value decreases, profits in the future period will increase. This happens because a low BOPO indicates that costs are smaller compared to operational income. At the same time, BOPO has a significant influence on bank profitability.

4. The Effect of Non-Performing Financing on Profit Sharing Ratio

The regression coefficient for the NPF variable is -0.88. This indicates that if the NPF level decreases by 1%, it will have an impact on increasing the PSR of Islamic commercial banks in Indonesia by 0.88%. NPF in Islamic commercial banks is identical to Non-Performing Loans from banks conventional, which is a financial ratio related to financing risk. In other words, NPF reflects the level of problematic financing risk faced by Islamic banks.

V. Conclusion

CAR doesn't have a significant effect on PSR in Islamic commercial banks in Indonesia for the 2009-2023 period. This indicates that the capital owned by sharia banks has not been able to encourage a significant increase in income from profit sharing financing. BOPO has a negative and significant effect on PSR. The lower the BOPO, the more efficient the Islamic bank will be when carrying out its operational activities, so that it can increase income from profit sharing financing. NPF doesn't have a significant influence on PSR. The level of problematic financing has not significantly affected Islamic banks' income from profit-sharing financing.

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