THE EFFECT OF FINANCIAL PERFORMANCE AND BANKOWNERSHIP ON RETURN ON ASSET IN INDONESIAN BANKING PERIOD 2019-2022

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Abstract

The purpose of this research was analyzed the effect of positively and significantly Operating Expenses on Return on Assets. This research was analyzed the effect of positively and significantly Net Interest Margin on Return on Assets. This research was analyzed the effect of positively and significantly Capital Adequacy Ratio on Return on Assets. This research was analyzed the effect of positively and significantly Loan to Deposit Ratio on Return on Assets. this research was analyzed the effect of positively and significantly Bank Ownership on Return on Assets. Purposive sampling is a sampling technique by determining certain criteria. The sample in this study are commercial banks in Indonesia in the 2019-2022 period except for Islamic Banks, BPD (Regional Development Banks) and Foreign Banks (KCBA, Branch Offices of Foreign Banks). Panel data analysis and hypotheses were tested using Eviews. The results of the study show that bank ownership has the most positive effect on return on assets. Foreign ownership is the percentage of company shares held by foreign investors. Foreign ownership can be an alternative choice when a company wants to control the management. Foreign companies tend to have a good focus on the issue of good corporate governance, so it's the right choice if a company wants to increase the transparency of this aspect.

Keywords: Financial Performance, Bank Ownership, Profitability, Banking Company

Introduction

Bank as a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit and in other forms in order to improve people's living standards (Hadianto, 2013). Thus the bank is part of an institution that has an intermediary function, namely collecting funds from the public in various forms of savings, then from the funds that have been collected, the bank is channeled back in the form of providing credit to the business sector or other parties in need. Return On Assets (ROA) is used to measure the ability of bank management to obtain overall profit (profit), the greater the Return On Assets (ROA) of a bank, the greater the profit achieved by the bank and the better the position of the bank in terms of use of assets (Sholihin, 2013). Return On Assets (ROA) is a ratio that measures how efficient a company is in managing its assets. The greater the Return On Assets (ROA) indicates the better performance. Return On Assets (ROA) as a measuring tool, because Return On Assets (ROA) can take into account how the ability of bank management to obtain its profitability by utilizing the entire company's assets and Return On Assets (ROA) is considered capable of representing other parameters. In carrying out its operational activities the bank has the main goal of achieving a level of profitability. Banks in maintaining stable profitability and being able to fulfill obligations to stockholders, in carrying out their business activities, apart from using their own capital, they also use funds collected from the public (Komala and Siregar, 2019).

The entry and presence of foreign banks is expected to have a positive impact on a country's economy. This of course also motivates domestic banks to compete strictly against foreign banks which are considered as strong competitors or competitors. The criteria for evaluating the ratings of these ratios have been regulated by the Financial Services Authority (OJK) through OJK Regulation number 4/POJK.03/2016 concerning Rating of Commercial Bank Soundness Levels. Taken from the Banking Industry Profile Report for the second quarter of 2020, the financial ratios of BUK (Conventional Commercial Banks) in Indonesia, namely (1) CAR 22.55% which is in the composite rating 1, (2) ROA 1.94% which is in the composite rating 1, (3) NIM 4.46% which entered the composite rating 1, (4) BOPO 84.94% which entered the composite rating 1, (5) NPL 3.10% which entered the composite rating 2, and (6) LDR 89.1% which included in the composite rating 3. Determination of the Composite Rating is categorized into 5 (five) Composite Ratings. The smaller the ranking order, the healthier the bank (Bank Indonesia, 2012). Competition that occurs due to the presence of foreign banks can be seen from two different perspectives. First, the entry of foreign banks into a country can be seen as something that is not profitable for domestic or domestic banks which have the possibility of being unable to compete in business, especially in developing countries, this will make it more difficult for domestic banks to develop. Second, the presence of foreign banks will increase competition and motivate domestic banks to produce better goods and services in the sense of improving quality at prices that are affordable to the public, so that it can lead to fair competition and advance the economy of a country (Kevin, 2017). Jeon et al. (2010) said foreign banks have played a very crucial role in the restructuring and internationalization of banking markets in developing country economies.

Companies in Asia mostly have a concentrated ownership structure, where controlling shareholders have a better position because controlling shareholders can supervise and have better access to information than non-controlling shareholders, giving rise to the potential for controlling shareholders to be deeply involved in managing the company. (Dyanty et al, 2011). Controlling shareholders can be owned by an individual, the government, or a foreign party. If foreign ownership in a company is high, it is possible for profit shifting or transfer pricing to occur with affiliated companies. Thus there is a possibility for companies to avoid taxes. This allows foreign ownership to influence the company's tax avoidance efforts. The Financial Services Authority (OJK) as the monetary authority that oversees and oversees the various needs of banks issues regulations as outlined in the Financial Services Authority Regulation (POJK) No.16/POJK.03/2014 concerning assessing the quality of productive and non-productive assets in Islamic commercial banks and sharia business units (Harnanto, Fauziah, and Senjiati, 2016). Multi-licensing policies/rules (level licenses) proclaimed by the Banking Authority (BI, now OJK) where

The capital adequacy ratio (CAR) in the banking industry is in accordance with the regulations in force in Indonesia, the amount is determined by how much capital is owned which consists of core capital and supplementary capital, as well as how many risk-weighted assets, where the risk weight of each asset has been determined by BUS. The bank's minimum capital adequacy requirement is based on the risk of bank assets listed in the balance sheet as well as administrative assets which are committed or contingent obligations, where the risk of these assets can be in the form of credit risk, interest fluctuations, exchange rate fluctuations, and price fluctuations of securities. The contribution of the banking sector to the Gross Domestic Product (GDP) is as follows:

Table 1. The Contribution Of Banking Company According Gross National Product In 2017 Untill 2019

No	Sector Industry	2017	2018	2019
1.	Banking	571.203,6	616.315,1	671.356,0
2.	Construction	1.410.513,6	1.562.297,0	1.701.741,2
3.	Agriculture, Forest, and Fishery	970.262,9	1.307.373,9	1.354.957,3

Source : www.bps.go.id

Bank ownership in Asian countries concludes that state-owned banks generally have lower profitability than privately-owned banks and that there is a negative and significant effect of government ownership on bank performance. Rahman and Reja (2014) also found a positive and significant relationship between government ownership of banks and profitability. Research by Dat (2013) concluded otherwise that state-owned banks in Vietnam have a positive and significant effect on profitability. In this study, a bank is categorized as foreign-owned if the majority of its shares are owned by foreigners or at least 50 percent of the total shares come from foreign capital (Sabrina and Muharam, 2015).

In several studies of foreign ownership of banks also concluded mixed results. Kobeissi (2010) and Heryanto (2012) state that foreign ownership has a positive and significant influence on profitability. However, according to Xu and Hu (2013) and Rahman and Reja (2014) there is no significant effect between foreign ownership and bank profitability. In addition to the ownership aspect of the bank, the risk aspect is also an important indicator in analyzing financial performance due to the current complexity of the banking business which requires management to act by considering existing risks. Liquidity risk and credit risk are banking risks that are widely used as risk indicators that can affect a bank's financial performance. Banks with government ownership are often associated with poor performance such as low profitability, inefficiency, slow productivity and growth as well as greater risks faced by banks. According to Heryanto (2012) the low performance of state-owned banks compared to its competitors, especially in terms of efficiency, is because the government as a shareholder does not focus on achieving maximum profits as its main objective resulting in a conflict of interest with bank management. The Financial Services Authority (OJK) opens space for foreign parties to control 99% of bank shares in Indonesia. This new regulation is set forth in OJK Regulation No. 12 of 2021 concerning Commercial Banks. In referring to the previous provisions, foreign ownership in POJK 56 of 2016 article 2 paragraph 2, which states, the maximum limit of share ownership in a bank for each category of shareholder is set at 40% for shareholders of legal entities of bank financial institutions and non-bank financial institutions, 30% for non-financial institution legal entities and 20% for individual shareholders. In POJK No 12/POJK.03/2021 concerning Commercial Banks which was just published last week, in Article 13 Paragraph (2) of the said regulation it is explained, the ownership of banks with

Indonesian legal entities by foreign cit izens or foreign legal entities, is at most 99% of paid-up capital. The higher and lower the Return On Assets (ROA) depends on the management of company assets by management which illustrates the efficiency of the company's operations (Fahmi, 2012). The higher the Return On Assets (ROA) is the more efficient the company's operations are. Conversely, a low Return On Assets (ROA) can be caused by the many unemployed company assets, investing in too much inventory and others (Gitman, 2012). In this study the authors use the financial ratios BOPO (Operating Expenses Operational Income), NIM (Net Interest Margin), CAR (Capital Adequacy Ratio), LDR (Loan to Deposit

Ratio) as financial ratios that describe a bank's financial performance. The rise of foreign acquisitions of small banks is in line with the desire of the Financial Services Authority (OJK) to strengthen the banking industry. Regulators released OJK Regulation (POJK) No.12/POJK.03/2020 concerning Consolidation of Commercial Banks which regulates bank core capital of at least IDR 3 trillion in 2022. The Financial Services Authority (OJK) will allow foreign companies wishing to acquire local banks more of 40 percent.

According to OJK regulations, foreign companies can only own a maximum of 40 percent of shares. OJK will give permission to foreign companies to own larger local bank shares as long as the companies are willing to enter into a business merger or merger. The rules are like that, for example the Japanese MUFG may have more Danamon if they merge with Bank Nusantara Parahyangan (BNP). Based on the explanation above, the researchers determined the following title: "The Effect of Financial Performance and Bank Ownership On Return On Asset In Indonesian Banking for the 2019-2022 Period".

Literature Review

Return On Asset (ROA)

This ratio is used to determine the company's ability to obtain profits from various policies and decisions that have been taken. This ratio is one that is used to measure a company's profitability by dividing net income by the average total assets. The average total assets are obtained from the total assets at the beginning of the year plus the total assets at the end of the year and then divided by two. Calculation of Return On Assets (ROA) can also be found by multiplying Net Profit Margin by asset turnover (net sales divided by average total assets). Return On Assets (ROA) is calculated with the aim of seeing the extent to which the invested investment is able to provide returns as expected (Kasmir, 2018).

The formula for determining Return On Assets (ROA) is as follows (Fernos, 2017) is Net Profit divided by Total Assets. Return On Assets (ROA) is the ratio used to measure a bank's ability to generate profits relative to its total assets. This ratio measures a company's ability to generate net income based on a certain level of assets. (Hanafi and Halim, 2009). Profitability is the ability of a company to earn profit (profit) in a certain period. Profitability ratios are used to measure a company's ability to earn profits in relation to sales, total assets and equity. The Return On Assets (ROA) ratio indicates a bank's ability to generate profits by using its assets. The greater this ratio indicates the better the bank's performance (Taswan, 2010). According to Syamsurizal (2016), the formula for calculating Return On Assets (ROA) is profit before tax divided by total assets multiplied by one hundred percent.

From the explanation above, it can be concluded that Return On Assets (ROA) is a company's financial ratio related to profitability measuring a company's ability to generate profits or profits at a certain level of income, assets and capital.

Operational Cost and Operational Revenue

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Net Interest Margin (NIM)

Net Interest Margin (NIM) is the ratio used to measure the level of profitability, namely the level of bank effectiveness between net interest income compared to average earning assets. The higher the Net Interest Margin (NIM) ratio, the more effective the bank's activities are in earning profits. In line with this, the theory of money supply presented by Keyness shows that there are other variables besides the interest rate variable that affect lending. This is reflected in the level of interest income which is higher than interest expenses, this shows that the debtor is making good payments and shows that the economy is in good condition. Conditions like this may indicate that banks can offer money due to good economic conditions (Sukirno, 2016). Net interest income itself can be calculated by means of interest income minus interest expense. This ratio is very

much needed in good bank management so that troubled banks and experiencing problems can be minimized. The greater the ratio, this will affect the increase in interest income obtained from productive assets managed by the bank properly. Thus, risks that often cause problems in banks can be avoided. However, good management and management in every bank operational activity is really needed so that the bank can be in a safer condition. Net Interest Margin (NIM) is a ratio that shows the ability of bank management to manage its productive assets to generate net interest income.

Net interest income is obtained from extending credit or loans, while banks have interest expense obligations to depositors. The greater this ratio, the higher the interest income on earning assets managed by the bank, so that the possibility of a bank in a troubled condition is getting smaller. So it can be concluded that the greater the change in the Net Income Margin (NIM) of a bank, the greater the profitability of the bank, which means that the financial performance is increasing (Sudarmawanti, 2017). Net Interest Margin (NIM) is a ratio that measures a bank's ability to generate net interest income by placing productive assets (Taswan, 2015). Net Interest Margin (NIM) shows the ability of bank management to manage its productive assets to generate net interest income. Net Interest Margin (NIM) is a comparison between net interest income and average earning assets. Net Interest Margin (NIM) is a ratio that measures a bank's ability to earn net interest income compared to the amount of loans disbursed). According to (Mandala and Prathama, 2014). Net Interest Margin (NIM) can be calculated as follows: Net interest income divided by earning assets. Earning assets are the Bank's provision of funds to generate income, in the form of credit, securities, interbank fund placements, acceptance claims, claims on securities purchased under reverse repurchase agreements, derivative claims, participation, administrative account transactions and other forms of provision of funds that can be equated with it.

Capital Adequacy Ratio (CAR)

Bank capital must be able to be used to guard against the possibility of risk of loss as a result of the movement of bank assets as a financial intermediary, while the movement of liabilities towards assets will cause various risks, and the increasing role of bank assets as a profit generator must be maintained. The amount of a bank's capital will affect the level of public trust in bank performance (Sinungan, 2016). CAR is a bank performance ratio to measure the adequacy of the bank's capital to support assets that contain or generate risk, such as loans extended to customers. CAR shows the extent to which a decline in bank assets can still be covered by available bank equity, the higher the CAR, the better the condition of a bank (Kasmir, 2016). Supported by research (Adnan et al, 2016) states that the Capital Adequacy Ratio (CAR) has a positive relationship to bank lending. Capital Adequacy Ratio (CAR) is a comparison between own capital and risk-weighted assets. Good capital management will help expedite the main activity of the bank, namely in the provision of credit. capital can also affect public trust, if the level of bank capital is ideal then this will increase public confidence in investing their funds (Ariwidanta, 2016). Capital Adequacy Ratio is a bank's performance ratio to measure the adequacy of the bank's capital to support assets. CAR is an indicator of a bank's ability to cover the decline in its assets as a result of bank losses caused by risky assets (Eng, 2013).

Loan To Deposit Ratio (LDR)

According to Julaeha (2015), the Loan to deposit ratio (LDR) is a ratio that measures a bank's ability to fulfill its obligations. The higher the Loan to deposit ratio (LDR), the bank's profit will increase (assuming the bank is able to extend its credit effectively), with the increase in bank profits, the bank's performance will also increase. Thus the size of the loan to deposit ratio (LDR) of a bank will affect the performance of the bank. In measuring good company performance, t he profit motive can be used to analyze profitability. Profitability ratios that are important for banks can be measured by the ratio of return on assets (ROA). Return On Assets (ROA) is important for banks because using

Return On Assets (ROA) takes into account bank management in obtaining overall profits.The greater the Return On Assets (ROA) of a bank, the better the bank's position in terms of assets. The loan to deposit ratio (LDR) reflects the ratio between the financing provided by the bank to its customers compared to the funds that come in or are collected from the public (Yatiningsih, 2015). The size of the Loan to deposit ratio (LDR) of a bank will affect the profitability of the bank.

The higher the Loan to deposit ratio (LDR) owned by a bank also shows that the bank's ability to earn profits is getting better too. So it can be said that the loan to deposit ratio (LDR) has a positive effect on ROA. From the explanation above, it can be concluded that the Loan to deposit ratio (LDR) is how far a bank is able to pay back withdrawals made by depositors by relying on the credit provided as a source of liquidity.

Managerial Ownership

The ownership structure is a mechanism to reduce conflict between management and shareholders (Faisal, 2005). The management of companies that are increasingly separated from company ownership is one of the characteristics of the modern economy, this is in accordance with the agency theory which wants the company owner (principal) to hand over the management of the company to professionals (agents) who understand better in running a business. The purpose of separating the management and ownership of the company is for the owner to obtain maximum profit at an efficient cost. Family ownership

is a company founded by a family, where a certain percentage of the family owns shares or the company and there are family members who hold positions in the company. Family ownership is a family business in which the family exercises its power over the company's organization and strategy through ownership, top management, and the board of directors (Chu, 2009). Agency theory, the ownership structure of a company can affect agency problems in a company. Companies whose shares are mostly controlled by families show a tendency to have management who are members of the family, thereby reducing agency conflicts that will occur. But when the management is not controlled by the family, agency problems tend to arise which are sufficient to interfere with the performance of the company.

Hadi and Mangoting (2014) examined bank ownership as seen from the distribution of power and shareholder influence over company operations, the company's ownership structure is divided into two, namely concentrated ownership and dispersed ownership. The dispersed ownership structure shows a perfect difference between owners and managers as company controllers.

According to Hastuti (2005) if the owner and manager have different interests, a conflict arises called agency conflict. Separation of functions between owners and management has a negative impact, namely the flexibility of company management to maximize profits. This will lead to a process of maximizing management's own interests. This condition occurs because management and other parties do not have adequate sources and access to obtain information used to monitor management actions. So that managers can freely carry out tax aggressiveness to maximize company profits. While the concentrated ownership structure is a public company that is owned mostly by certain parties. The party can be an individual, family, institution, country or foreign.

According to Chen et al (2010) concentrated ownership, for example, shareholders who are concentrated in a family tend not to carry out tax aggressiveness, because owners avoid the risk of fines, sanctions, and damage to the company's reputation. The voting rights of the single shareholder above 50 percent make this shareholder effectively control the management of the company. Majority shareholders have voting rights to influence managers to act in accordance with the interests of shareholders, because otherwise controlling shareholders can replace managers if the manager does not follow his wishes. In addition to the concentrated ownership structure, according to Zhou (2011) the characteristics of the board also affect the level of tax aggressiveness. Zhou found that differences in board characteristics will affect tax aggressiveness because they can reduce the level of director oversight of manager performance. This board characteristic variable has never been studied in Indonesia. In his research, the characteristics of the board are categorized into three, na mely the first is the composition of board members between insiders and outsiders. The composition of the majority of board members who are insiders tends to be tax aggressive because they have the opportunity to increase bonuses and dividends. This opportunity for insiders causes the insider's supervisory role to be not independent. Outsider board members are believed to be more independent than insiders, so outsider supervisory roles are more efficient than insider members.

Managerial ownership is a situation where the manager owns company shares or in other words the manager is also a shareholder of the company (Christiawan and Tarigan, 2007). Taswan (2003) states that if insiders are willing to invest their capital into their quality projects, then this may indicate that the equity held by insiders can act as a signal of the company's value. Institutional ownership is share ownership by parties that form institutions such as; banks, insurance companies and government companies (Christiawan and Tarigan, 2007).

Conceptual Framework

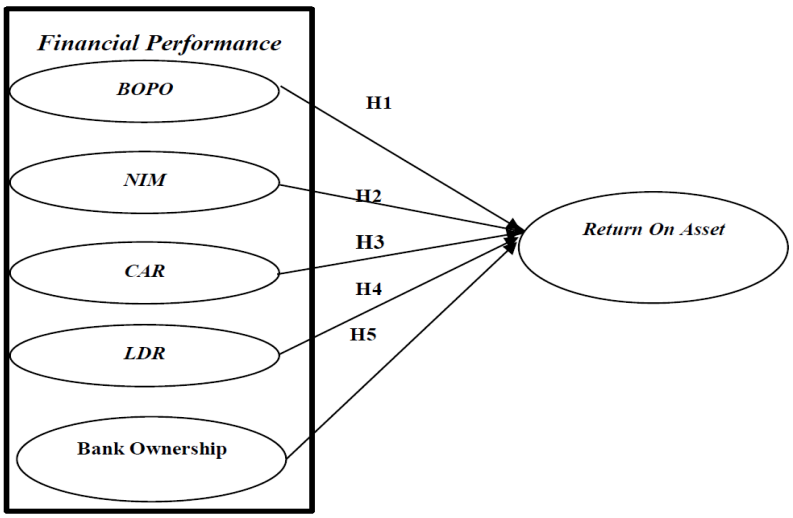

Figure 1. Conceptual Framework

Hypotheses

Hipotesis 1 : There is effect positively and significantly BOPO on Return On Asset.
Hipotesis 2 : There is effect positively and significantly Net Interest Margin on Return On Asset.
Hipotesis 3 : There is effect positively and significantly CAR on Return On Asset.
Hipotesis 4 : There is effect positively and significantly LDR on Return On Asset.
Hipotesis 5 : There is effect positively and significantly Bank Ownership On Return On Asset.

Methods

Population and Sampling

The total population based on OJK SPI (Indonesian Banking Statistics) data as of July 2021, the number of commercial banks in Indonesia is 107 banks. Purposive sampling is a data collection technique based on certain research criteria (Sekaran and Bougie, 2013). The sample in this study are commercial banks in Indonesia in the 2019-2022 period except for Islamic Banks, BPD (Regional Development Banks) and Foreign Banks (KCBA, Branch Offices of Foreign Banks). The banking company research sample consisted of Bank Mandiri, Bank Negara Indonesia (BNI), Bank Rakyat Indonesia (BRI), State Savings Bank (BTN), Bank Mandiri Taspen, Bank Mayora, Bank Artha Graha Internasional, Bank Ina Perdana, Bank Capital Indonesia, Bank Central Asia, Bank Maspion, Bank Mayapada, Bank Mega, Bank MNC Internasional, Bank Multiarta Sentosa, Bank National Nobu, Bank Panin, Bank Sinarmas, Bank Victoria Internasional, Bank Sahabat

Sampoerna, Bank Prima Master, Bank Fama Internasional, Bank Amar Indonesia , Bank Jago, Bank Bukopin, Bank Raya Indonesia, Bank Ganesha, Bank CTBC Indonesia, Bank DBS Indonesia, Bank ANZ Indonesia, Bank IBK Indonesia, Bank ICBC Indonesia, Bank J Trust Indonesia, Bank Mizuho Indonesia, Bank BNP Paribas Indonesia, Bank CCB Indonesia, Bank BTPN, Bank CIMB Niaga, Bank Danamon Indonesia, Bank HSBC Indonesia, Bank KEB Hana Indonesia, Bank Maybank Indonesia, Bank OCBC NISP, Bank Permata, Bank Shinhan Indonesia, Bank UOB Indonesia, and Bank Woori You. In the era of globalization, business competition between companies is getting tougher. In the business world, achieving profit is one of the goals of a company. The level of profitability reflects the company's ability to obtain profits and the level of efficiency in the use of company assets and is an important aspect as a reference by investors or owners in assessing the company's performance. Researchers predict the prospects for the company and are able to predict dividends that will be received in the future (Stevani and Nuraidha, 2021). This study uses secondary data sourced from financial reports issued by banking companies in the 2019-2022 period, the research sample is 47 commercial banks in Indonesia in the 2019-2022 period.

Data Analysis Technique

In Rinofah's research (2021), this study uses data in the form of Panel Data. Panel data is a combination of time series and cross section data types so that panel data is data that has dimensions of time and space. Other names for panel data include: Pooled data, combination of time series and cross section data, micro panel data, longitudinal data, event history analysis, or cohort analysis. To analyze the influence of Financial Performance and Bank Ownership on Profitability in banking companies through panel data analysis with the Eviews program version 9.

Result and Discusssion

Hypotheses Testing

Table 2. Hypotheses Testing Result

Hypothesis	*Standardized Coefficient Beta*	*P-value*	Decision
H1: BOPO -> ROA	0,221425	0,0000	H1 supported
H2: NIM -> ROA	0,287255	0,0178	H2 supported
H3: CAR -> ROA	0,312524	0,0425	H3 supported
H4: LDR -> ROA	0,312234	0,0000	H4 supported
H5: Company Ownership - > ROA	0,321121	0,0000	H5 supported

The findings in this study are the positive and significant effect of BOPO on Return on Assets, the positive and significant effect of NIM on Return on Assets, the positive and significant effect of CAR on Return on Assets, the positive and significant effect of LDR on Return on Assets. The discussion of each hypothesis is as follows:

Ho1: There is no positive and significant effect of BOPO on Return on Assets. Ha1: There is a positive and significant effect of BOPO on Return on Assets. Based on the results of the study, the magnitude of the positive and significant effect of BOPO on Return on Assets is indicated by the standardized coefficient beta value of 0.221425 and a significant value of 0.0000. A significant value of 0.0000 is less than 0.05, so the decision taken is Ho1 rejected

Ha1 accepted, it means that there is a positive and significant effect of BOPO on Return on Assets. The better the BOPO value can increase the Return On Assets. So that the first hypothesis, namely that there is a positive and significant effect of BOPO on Return on Assets, is proven and accepted. This is indicated by the BOPO (Operating Costs to Operating Income) which is a ratio that describes the efficiency of banks in carrying out their activities. Operational costs are interest costs given to customers while operating income is interest earned from customers so that they can improve management's ability to carry out company activities and find out the performance of a company to generate profits in a certain period. BOPO (cost-to-income ratio) which is a comparison between operational costs and operating income. The greater the BOPO, the higher the bank's ROA, because the profits the bank gets are greater and the operational costs incurred are lower (Krawish, 2011). The BOPO ratio aims to measure the ability of operating income to cover operating costs. The increased BOPO ratio shows the bank's ability to minimize operational costs and maximize operating income. This situation can benefit the bank, because it can increase efficiency and effectiveness (Guan et al., 2017).

The results of the research conducted support the results of research conducted by Msomi (2022) where the p-value is <0.05 with a beta value of 0.00003, which means that the higher the BOPO can increase the company's ability to increase return on assets.

Ho2: There is no positive and significant effect of NIM on Return on Assets. Ha2: There is a positive and significant effect of NIM on Return on Asset s. Based on the results of the study, the magnitude of the positive and significant influence of NIM on Return on Assets is indicated by the standardized coefficient beta value of 0.287255 and a significant value of 0.0178. A significant value of 0.0178 is less than 0.05, so the decision taken is Ho2 rejected Ha2 accepted, it means that there is a positive and significant effect of NIM on Return on Assets, so the second hypothesis is that there is a positive and significant effect of NIM on Return on Assets proven and accepted. This is shown by the biggest source of bank income comes from the net interest margin. Therefore, banks are required to make productive use of assets which are then distributed in the form of credit to obtain interest income. Net interest income is the difference in interest obtained from bank interest. If the bank's interest income is greater than interest costs, the bank's profitability will increase. This is in accordance with the managerial theory of income efficiency whereby banks that can take advantage of good productive assets will also increase profitability as seen from the higher return on assets (Azzam and Siddiqui, 2012). Net interest margin (NIM) is a reflection of market risk arising from changes in market conditions where these changes can be detrimental to the bank (Hasibuan, 2007). NIM is also used to measure the ability of bank management to generate interest income by taking into account the bank's performance in extending credit, considering that the bank's operating income is highly dependent on the difference between interest and loans disbursed (Mahardian, 2008).

The results of the research conducted support the results of research conducted by Ayaydin and Karakaya (2014) where the p-value is <0.05 with a beta value of 0.323, which means that the higher the Net Interest Margin can increase Return On Assets.

Ho3: There is no positive and significant effect of CAR on Return on Assets. Ha3: There is a positive and significant effect of CAR on Return on Assets. Based on the research results, there is a positive and significant effect of CAR on Return on Assets as indicated by the standardized coefficient beta value of 0.312524 and a significant value of 0.0425.

Ho4: There is no positive and significant effect of LDR on Return on Assets. Ha4: There is a positive and significant effect of LDR on Return on Assets. Based on the research results, the magnitude of the positive and significant influence of LDR on Return on Assets is indicated by the standardized coefficient beta value of 0.312234 and a significant value of 0.0000. A significant value of 0.0000 is less than 0.05, so the decision taken is that Ho4 is rejected Ha4 is accepted, it means that there is a positive and significant effect of LDR on Return on Assets, so that the fourth hypothesis, namely that there is an effect of LDR on Return on Assets, is proven and accepted. This is shown by Lukman's explanation (2012), LDR is the ratio between the total amount of credit extended and funds received by a bank to measure a bank's ability to pay back withdrawals by depositors by relying on credit provided as a source of liquidity. LDR can be measured from the comparison between the total amount of credit extended to third party funds. The amount of credit extended will determine the bank's profit. If a bank is unable to extend credit while there are a lot of funds raised, it will cause the bank to lose money. The higher the LDR, the higher the company's profit (assuming the bank is able to distribute credit effectively, so the number of bad loans will be small) (Arniati, 2018). LDR is the ratio between the total amount of credit provided by the Bank and the funds received by the Bank, so that the higher the loan balance to be deposited, the higher the Bank's profit (assuming the Bank can extend its credit effectively); with an increase in bank profits, bank performance also increases and the resulting higher ROA (Jha and Hui, 2012).

The results of the research conducted support the results of research conducted by Rajindra et al. (2021) where the p-value is <0.05 with a beta value of 0.160, which means that the higher the LDR can increase the ROA.

Ho5: There is no positive and significant effect of Company Ownership on Return on Asset s. Ha5: There is a positive and significant effect of Company Ownership on Return on Assets. Based on the results of the study, the magnitude of the positive and significant influence of Company Ownership on Return on Assets is

shown by the standardized coefficient beta value of 0.321121 and a significant value of 0.0000. A significant value of 0.0000 is less than 0.05, then the decision taken is Ho5 rejected Ha5 accepted, it means that there is a positive and significant effect of Company Ownership on Return on Assets, so that the fifth hypothesis, namely there is an influence of Company Ownership on Return on Assets, is proven and be accepted. This is shown by Nadir's explanation (2017) that this manager's ownership of company shares is called managerial ownership. By giving managers the opportunity to be involved in share ownership, managers will act carefully because they share in the consequences of the decisions they make and managers will also be motivated to improve their performance in managing the company. The ownership structure is the composition of the company's share ownership by various parties. In a theoretical view, some researchers argue that the company's ownership structure influences the running of the company (Widyastuti, 2009). The results of the research conducted support the results of research conducted by Al Qudah (2016) where the p-value is <0.05 with a beta value of 0.358, which means that higher company ownership can increase ROA.

Conclusion

Based on the results of the study, there is a positive and significant effect of BOPO on Return on Assets. Hypothesis 1 is accepted, it means that there is a positive and significant effect of BOPO on Return on Assets. The better the BOPO value can increase the Return On Assets. So that the first hypothesis, namely that there is a positive and significant effect of BOPO on Return on Assets, is proven and accepted. Based on the results of the study, the magnitude of the positive and significant influence of NIM on Return on Assets. Hypothesis 2 is accepted, it means that there is a positive and significant effect of NIM on Return on Assets, so that the second hypothesis, namely that there is a positive and significant effect of NIM on Return on Assets, is proven and accepted. Based on the results of the study, there is a positive and significant effect of CAR on Return on Assets. Hypothesis 3 is accepted, it means that there is a positive and significant effect of CAR on Return on Assets, so that the third hypothesis, namely there is a positive and significant effect of CAR on Return on Assets, is proven and accepted. Based on the results of the study, the magnitude of the positive and significant influence of LDR on Return on Assets. Hypothesis 4 is accepted, it means that there is a positive and significant effect of LDR on Return on Assets, so that the fourth hypothesis, namely there is a positive and significant effect of LDR on Return on Assets, is proven and accepted. Based on the results of the study, the magnitude of the positive and significant influence of Company Ownership on Return on Assets. Hypothesis 5 is accepted, it means that there is an effect of company ownership on return on assets, so that the fifth hypothesis, namely there is a positive and significant effect of company ownership on return on assets, is proven and accepted.

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Peraturan Otoritas Jasa Keuangan Nomor 11 /POJK.03/2016 Tentang Kewajiban Penyediaan Modal Minimum Bank Umum Penyediaan modal minimum

Peraturan Otoritas Jasa Keuangan (POJK) No.16/POJK.03/2014 tentang penilaian kualitas asset produktif dan non produktif pada bank umum syariah dan unit usaha syariah.

Rancangan Surat Edaran Otoritas Jasa Keuangan Nomor /SEOJK.03/2020 Tentang Transparansi Dan Publikasi Laporan Bank Umum Konvensional

Surat Edaran Otoritas Jasa Keuangan Nomor /Seojk.05/2021 Tentang Tingkat Kesehatan Perusahaan Pembiayaan Infrastruktur.

Surat Edaran Otoritas Jasa Keuangan Nomor /SEOJK.03/2020 Tentang Transparansi Dan Publikasi Laporan Bank Umum Konvensional.