THE EFFECT OF CAPITAL ADEQUACY RATIO (CAR) AND NON PERFORMING LOAN (NPL) ON PROFITABILITY (ROA)

"Case Study PT. Bank Rakyat Indonesia Tbk, PT. Bank Central Asia Tbk, PT. Bank Negara Indonesia Tbk and PT. Bank Mandiri Tbk, Period 2010-2020"

Salim[1*], Sinta Listari[2] and Soei Khim[3]
[1,2]Institut Bisnis dan Informatika Kesatuan
*email: salimabdulaziz303@gmail.com, sinta@ibik.ac.id

ABSTRACT

The main activity of a bank is to collect funds and then channel them back to the public in the form of credit. The purpose of the bank in channeling these funds is to obtain revenue in the form of increased income if the funds are channeled properly through credit. The better the credit is distributed, the better it will be to have a good effect on profitability, namely increasing bank income. If the credit is substandard to default, on the contrary, it will reduce the bank's profitability. As well as reserves to cover losses at the bank are increasing. The purpose of this study is to determine the extent to which the Capital Adequacy Ratio and Non Performing Loans affect bank profitability. This research was conducted using multiple linear regression analysis on book bank 4, namely, Bank BRI, Bank BCA, Bank BNI and Bank Mandiri for the 2010-2020 period.

The results of research simultaneously Capital Adequacy Ratio (CAR) and Non Performing Loans (NPL) on Profitability (Return on Asset / ROA) show significant results because the significance value is 0.00 <0.05 and partially there is no significant influence between the Capital Adequacy Ratio (CAR) on Profitability (ROA) with a significance value of 0.345> 0.05 and there is a significant negative effect between Non Performing Loans (NPL) on Profitability (ROA) with a significance of 0.00 <0.05.

Keywords: Capital Adequacy Ratio, Non Performing Loans and Return on Assets.