

THE IMPACT OF CAPITAL ADEQUACY, LIQUIDITY AND OPERATIONAL RATIO ON BANKING FINANCIAL PERFORMANCE IN INDONESIA DURING THE COVID-19 PANDEMIC (2019-2021)

Muhammad Fadila Laitupa¹, Restia Christianty², Widya³

^{1,2,3}Faculty of Economics and Business, Pattimura University

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ABSTRACT

This study aims to determine the effect of Capital Adequacy, Liquidity, and Operations on the Financial Performance of Banking Listed on the Indonesia Stock Exchange (IDX) during the Covid-19 Pandemic. With the research time period, namely in 2019-2021. The ratios used in this study are the Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR), Operating Expenses on Operating Income (BOPO), and Return On Assets (ROA). This research is a quantitative research with secondary data types derived from annual reports of banking companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2021 period. The method used to collect samples is purposive sampling method. Based on predetermined criteria, there are 46 banks out of 47 commercial banks that meet the criteria. This study uses multiple linear regression analysis techniques. And the data is processed using the SPSS version 23 program. The results of this study indicate that capital adequacy (CAR), liquidity (FDR) and operations (BOPO) have an effect on financial performance (ROA), with a significance value of less than 0.05, namely the adequacy value capital (CAR) of 0.000, liquidity value (FDR) of 0.003 and operating value (BOPO) of 0.010.

E-mail:
mflaitupa@gmail.com

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1. INTRODUCTION

The banking sector is a business entity engaged in the financial sector and has an important role in developing the country's economy. For example, as a financial intermediary, namely to collect funds from parties with excess funds (surplus spending units) and then allocate them to parties with a shortage of funds (deficit spending units) (Ismail, 2010). Taking into account the important role they have in the economy, banks are required to produce strong, healthy and efficient financial performance (Rahmi & Herlina 2020).

Banks have an important position for the national economy. According to Wijaya and Tiyas (2016), banks are the center of the national economy, because funds moving to banks are then re-flowed by banks to the economic system to carry out economic processes. The increasing growth of a bank will be followed by challenges that must be faced by banks as financial institutions based on trust (agent of trust). One of the challenges in facing bank competition is found in its financial performance reports. Considering that the public will definitely choose a bank with a good financial performance report on the grounds that the level of risk faced will be smaller.

Profitability or profitability is one of the important points that is often considered in running a business, especially banking. This is based on the fact that in carrying out its operational activities the bank wants to get the maximum profit (Sudarwantoro, 2009). Therefore, the bank will always maximize its financial performance. Whether or not financial performance in achieving adequate business performance can be measured by financial benchmarks called financial ratios. (Siswanto Sutojo, 2004). Of the several types of existing financial ratios, profitability is the most accurate ratio indicator in measuring a bank's performance. The ratio is Return On Assets (ROA), this is because Return On Assets (ROA) focuses more on the company's ability to earn earnings by using all the assets it manages. So that Return On Assets (ROA) is

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used as a measurement of banking performance. In addition, Return On Assets (ROA) also illustrates the ability of bank management to manage their assets effectively. The higher the Return On Assets (ROA), the better the bank's performance, because returns are higher (Murdiyanto, 2018).

The Corona or COVID-19 pandemic has had a significant impact on the banking sector, especially on its operational performance. The main banking activities as fund collectors and distributors have been more or less restrained due to uncertainty and a fall in economic activity which has had an impact on the circulation of money. Recently, banks have been increasingly careful in extending credit. According to OJK data in 2020, the capital adequacy ratio (CAR), which is a measure of a bank's fundamental performance, has reached 21.77 percent. This value is in a downward trend because in 2019 it was still in the range of 23.5-24 percent. At the same time, the growth trend of weekly third party funds (DPK) has also slowed down. In 2020, its value only grew 9.12 percent, even though in 2019 it still touched the 10 percent range.

Based on the Disclosure of Information on the Indonesia Stock Exchange (IDX), a number of banks are already feeling the pressure from the Corona pandemic. As a result, the company made operational restrictions for less than 3 months. The decline in company revenue and potential decrease in net profit as of March 31/April 30 2020 is estimated to be less than 25 percent. (Tirto.id, 2020). In 2021 it is estimated that bank credit will be lower than the initial projection of the year which was five percent, the impact of the increasing spike in Covid-19 cases. It is considered that the spike in cases could hamper the pace of economic recovery, which could have an impact on weakening credit growth.

Based on the latest Indonesian Banking Statistics (SPI) data, bank credit growth in April 2021 contracted by 2.3 percent (yoy), with a total credit value of IDR 5,482.2 trillion, smaller than the March 2021 contraction of 3.8 percent. Meanwhile, according to data from the Financial Services Authority (OJK), until May 2021 the contraction in credit growth has narrowed again to minus 1.23 percent (yoy). In contrast to bank credit which is still declining in 2021, bank capital is still at an adequate level even though banks continue to cultivate reserves to anticipate credit risk amid the Covid-19 pandemic. Data from the Financial Services Authority (OJK) state that the banking capital ratio alias Capital Adequacy Ratio (CAR) is 24.33 percent as of June 2021.

For BOPO itself, referring to banking data in 2021, Indonesian banking can be said to be quite efficient, marked by the BOPO ratio which is at the level of 85.49%. This level of efficiency has improved compared to the beginning of the pandemic, namely March 2020 which was at the level of 88.70%. From the components forming the ratio. BOPO, the improvement in banking efficiency was influenced by an increase in operating income which reached 21.68%, while the rate of operational costs was slightly restrained so that it only increased by 18.74%.

Capital adequacy of banking companies can be seen from the Capital Adequacy Ratio (CAR) figure. Capital Adequacy Ratio (CAR) is a capital ratio that shows the bank's ability to reserve funds for the benefit of increasing business and accommodating the risk of loss of funds caused by bank operations (Ali, 2004). A high Capital Adequacy Ratio (CAR) will make banks stronger in bearing the risk of any risky credit/productive assets and can fund bank operations, so that it will provide a sizeable contribution to profitability or Return On Assets (ROA) (Suhardjono and Kuncoro, 2002).

Liquidity is a scale that shows the bank's ability to meet all of its short-term debt obligations and is able to repay all of its depositors at maturity (Defri, 2012). If the company is able to fulfill its obligations, the company is considered a liquid company (Suharli, 2004). Liquidity management is a fairly complicated issue in bank operations. The difficulty in managing liquidity is because most of the funds regulated by banks are short-term public funds and can be withdrawn at any time, that's why banks should carefully monitor liquidity needs for a certain period of time, if the company is able to provide good bank liquidity, then profitability will increase. in the company will also soar and bring good value to the bank (Zainudin, 2014). One of the measurements used to study the liquidity ratio is the Financing to Deposit Ratio (FDR). The reason for using this ratio is because the Financing to Deposit Ratio (FDR) is a ratio that describes a bank's ability to provide funds to its debtors with capital owned by the bank or funds that can be collected from the public. The safe limit for a bank's Financing to Deposit Ratio (FDR) is generally around 90% - 100%, while based on central bank regulations, the safe limit for a bank's Financing to Deposit Ratio (FDR) is 110% (Kasmir, 2016). This opinion is supported by previous research conducted by Sudiyatno (2010) and Iqra Wiarta (2020). However, research conducted by Rini Dwi Astuti (2018) showed different results,

2. Research methods

2.1 Types of research

The type of research used in this research is quantitative research. Quantitative research is research that focuses on numerical analysis. This research also states descriptively, namely that it is intended to explain related subjects and research objects based on related power (Azwar, 2014).

In this study it consists of three variables, namely the independent variables (X1, X2, and X3) are capital adequacy, liquidity and operations. The dependent variable (Y) in this study is banking financial performance.

2.2 Data Types and Data Sources

The type of data used in this research is secondary data. Secondary data are sources that do not directly provide data to data collectors, such as through other people or through documents that have been published. Data obtained from secondary data does not have to be processed again. The sources used do not directly provide data to data collectors. (Wiratna Sujarweni, 2015) The secondary data referred to in this study were obtained from other parties or from primary sources presented in published annual financial reports at banks. These data include capital adequacy (CAR) and liquidity (FDR), and operational (BOPO) financing for the period 2019 to 2021 in banks listed on the IDX. Thus, this research data is time series.

The data sources used in this research were obtained from the annual financial reports of banking companies listed on the Indonesia Stock Exchange (IDX) for the period 2019-2021 and ICMD (Indonesia Capital Market Directory) data. The reason for choosing the 2019-2021 time period is because it is data that can reflect the state of the bank company during the Covid-19 pandemic.

19. This data can be accessed through the OJK and the official websites of the banks under study.

2.3 Population and Sample

The population in this study were all banks listed on the Indonesia Stock Exchange (IDX), totaling 47 banks. The sample used in this research is purposive sampling. The criteria are as follows:

1. which bankThe samples are banks that are included in or listed on the Indonesia Stock Exchange (IDX) during the 2019-2021 research period.
2. BankThe company has complete and clear financial reports for the selected period.
3. The issuer's financial ratios can be calculated using the applicable formula.

2.4 Method of collecting data

Collecting data in this study using observation techniques. The data source uses secondary data in the form of bank financial reports from the 2019-2021 period. The secondary data was obtained from the Indonesian Stock Exchange website (www.idx.co.id).

3. RESULTS AND DISCUSSION

3.1 Descriptive statistics

Descriptive statistical analysis was carried out to find out an overview of the research data used at the time of this research, namely banks listed on the Indonesia Stock Exchange (IDX) from 2019 to 2021, and also to show maximum, minimum, average values (mean) and standard deviation. The following are the results of the descriptive statistical analysis in table 1:

Table 1. Descriptive Statistical Analysis Results
Descriptive Statistics

	N	Minimum	Maximum	Means	std. Deviation
CAR	138	5.93	494.17	44.7050	68.89620
FDR	138	.00	22.51	9.1878	2.20053
BOPO	138	26.90	428.40	96.0054	52.74500
ROA	138	.14	3.84	1.2465	.73833
Valid N (listwise)	138				

Table 1 can be seen in general the descriptive statistics of the dependent variable, namely financial performance (ROA) and independent, namely capital adequacy (CAR), liquidity (FDR) and operations (BOPO). Based on the results of the descriptive statistical analysis in table 4.1 it can be concluded as follows:

a) Capital Adequacy (CAR)

From the results of the descriptive statistical analysis in table 4.1 it can be concluded that the minimum *The Impact of Capital Adequacy, Liquidity and Operational Ratio on Banking Financial Performance in Indonesia During the Covid-19 Pandemic (2019-2021)*, Muhammad Fadila Laitupa

value of Capital Adequacy (CAR) is 5.93 and the maximum value is 494.17. This shows that the Capital Adequacy Ratio (CAR) for the samples in this study ranged from 5.93 to 494.17, with an average of 44.7050 at a standard deviation of 68.89620.

b) Liquidity (FDR)

From the results of the descriptive statistical analysis in table 4.1 it can be concluded that the minimum value of Liquidity (FDR) is 0.00 and the maximum value is 22.51. This shows that the amount of Liquidity (FDR) that was sampled in this study ranged from 0.00 to 22.51, with an average of 9.1878 at a standard deviation of 2.20053.

c) Operational (BOPO)

From the results of the descriptive statistical analysis in table 4.1 it can be concluded that the minimum operational value (BOPO) is 26.90 and the maximum value is 428.40. This shows that the operational size (BOPO) that was sampled in this study ranged from 26.90 to 428.40, with an average of 96.0054 at a standard deviation of 52.74500.

d) Financial Performance (ROA)

From the results of the descriptive statistical analysis in table 4.1 it can be concluded that the minimum value of Financial Performance (ROA) is 0.14 and the maximum value is 3.84. This shows that the size of the Financial Performance (ROA) that was sampled in this study ranged from 0.14 to 3.84, with an average of 1.2465 at a standard deviation of 0.73833.

3.2 Test Normality

The normality test is used to determine whether the research data used in the regression model is normally distributed or not. A good regression model is a model that has normally distributed data. The normality test in this study used the One Sample Kolmogorov-Smirnov. Data is normally distributed or cannot be seen in the Asymp row. Sig. (2-tailed), if the significance value is > 0.05 then it can be said that the data is normally distributed. Following are the results of the normality test using One-Sample Kolmogorov-Smirnov:

Table 2. Normality Test Results (Before Data Transformation)
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		138
Normal Parameters, b	Means	.0000000
	std. Deviation	2.06626239
Most Extreme Differences	absolute	.129
	Positive	.129
	Negative	-.125
Test Statistics		.129
asympt. Sig. (2-tailed)		.000c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Based on the results of the normality test using the Kolmogorov Smirnov in table 2, it can be seen that the Asymp. Sig. (2-tailed) less than 0.05. That means that the data is not normally distributed. According to Ghazali (2018), data that is not normally distributed can be transformed to become normal. The form of the transformation that is carried out refers to the shape of the histogram graph of data that is not normally distributed. From these results, the data is transformed into a Square Root (SQRT) using SPSS.

Table 3. Normality Test Results (After Data Transformation)
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		138
Normal Parameters, b	Means	.0000000
	std. Deviation	.63933356
Most Extreme Differences	absolute	.064

	Positive	.064
	Negative	-.040
Test Statistics		.064
asymp. Sig. (2-tailed)		.200c,d

- Test distribution is Normal.
- Calculated from data.
- Lilliefors Significance Correction.
- This is a lower bound of the true significance.

Based on the results of the normality test in table 3, the research variables show that the data is normally distributed. This is evidenced by the results of the Kolmogorov-Smirnov test showing the Asymp. Sig. (2-tailed) of 0.200 which means higher than the significance value of 0.05, so it can be concluded that the data is normally distributed.

3.3 Test Multicollinearity

The multicollinearity test aims to test whether the regression model has a strong relationship between the independent variables. A good regression model should not have a correlation between the independent variables. Whether or not multicollinearity exists in the regression model can be seen from the Tolerance and VIF values. If the Tolerance value is above 0.10 and the VIF value is below 10, it can be said that there is no multicollinearity in the regression model. The following are the results of the multicollinearity test:

Table 4. Multicollinearity Test Results
Coefficientsa

Model		Collinearity Statistics	
		tolerance	VIF
1	(Constant)		
	CAR	.802	1,248
	FDR	.971	1,029
	BOPO	.786	1,273

- Dependent Variable: ROA

Based on the results of the multicollinearity test in table 4, it can be seen that the tolerance value for the CAR variable is 0.802, FDR is 0.971, and BOPO is 0.786 where all variables have a tolerance value above 0.10. Meanwhile, the Variance Inflation Factor (VIF) value for the CAR variable is 1.248, FDR is 1.029, and BOPO is 1.273 where all variables have a VIF value below 10. Thus, it can be concluded that there is no multicollinearity between the independent variables.

3.4 Test Heteroscedasticity

The heteroscedasticity test was carried out to test whether the regression model has similar or unequal variances from one residual observation to another. A good regression model is one that does not have heteroscedasticity. This test was carried out using the Glejser test, namely regressing each independent variable with absolute residual as the dependent variable. To detect the presence or absence of heteroscedasticity using a significance level of 0.05, if the significance coefficient is greater than 0.05 then there are no symptoms of heteroscedasticity. Following are the results of the heteroscedasticity test:

Table 5. Heteroscedasticity Test Results (Before Data Transformation)
Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	.598	.097		6.193	.000
	CAR	.001	.001	.159	1.686	.094
	FDR	-.002	.001	-.223	-2.629	.010
	BOPO	.000	.001	.035	.370	.712

- Dependent Variable: Abs_Res

Based on the results of the heteroscedasticity test using the Glejser test in table 5, it can be seen that

only the FDR variable (X2) has a significance value of less than 0.05, which means that the data has symptoms of heteroscedasticity. From these results, the data is transformed into a Square Root (SQRT) using SPSS. By doing SQRT on variables that experience symptoms of heteroscedasticity.

Table 6. Heteroscedasticity Test Results (After Data Transformation)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
		1	(Constant)	.698		
	CAR	.001	.001	.131	1,391	.166
	FDR	-.025	.015	-.140	-1,634	.105
	BOPO	9.288E-6	.001	.001	.013	.990

a. Dependent Variable: Abs_Res

Based on the results of the heteroscedasticity test using the Glejser test in table 6 shows that no variable has a significance coefficient lower than a significance level of 0.05, it can be concluded that the regression model does not contain symptoms of heteroscedasticity.

3.5 Test Autocorrelation

The autocorrelation test aims to test whether the linear regression model has a correlation between the confounding errors in the previous period (t-1). This study uses the Durbin-Watson test. The results of the Durbin-Watson (dw) calculation are compared with the dw table values at $\alpha = 0.05$ in the dw table there are upper limit values (dL) and lower limit values (dU). If $dU < dw < 4 - dU$ means there is no autocorrelation.

Table 7. Autocorrelation Test Results

Summary modelb

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.500a	.250	.233	.64645	1909

a. Predictors: (Constant), BOPO, FDR, CAR

b. Dependent Variable: ROA

Based on the results of the autocorrelation test in table 7 above, it shows that the dw value is 1.909, while the number of k is 3 and the amount of data (n) is 138 with a significance value of 0.05, the lower limit value (dU) is 1.766. Based on the provisions of the Durbin-Watson test that data can be said to have no autocorrelation if $dU < dw < 4 - dU$, then according to the results of this test it shows that $1.766 < 1.909 < 2.234$ which means that the data in this study did not have autocorrelation.

3.6 Multiple Linear Regression Analysis

Multiple linear regression analysis was carried out to determine the effect of the independent variables namely CAR, FDR, and BOPO on ROA as the dependent variable. Multiple linear regression analysis is used to show the direction of the relationship between the independent variables and the dependent variable. Following are the results of multiple linear regression tests:

Table 8. Results of Multiple Linear Regression Analysis

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
		1	(Constant)	.086		
	CAR	.004	.001	.339	4,054	.000
	FDR	.076	.025	.228	3,004	.003
	BOPO	.003	.001	.220	2,605	.010

a. Dependent Variable: ROA

From the results of the multiple linear regression test in table 8, the regression equation can be obtained as follows:

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$$\text{Return On Assets} = 0.086 + 0.004X_1 - 0.076X_2 + 0.003X_3 + e$$

Based on the multiple regression equation, it can be concluded that each variable is as follows:

- Constant (α) = 0.086, it can be said that if the values of the independent variables namely CAR, FDR, and BOPO are assumed to be 0 (zero), then the ROA value as the dependent variable is 0.086.
- The coefficient of CAR (β) = 0.004, it can be said that CAR has a positive relationship with ROA, where if the CAR variable increases by one unit, then ROA will increase by 0.004 units assuming all other variables are constant. With a positive relationship, CAR and ROA show a unidirectional relationship. The more CAR increases, the ROA will also increase, and vice versa.
- The FDR coefficient (β) = 0.076, which means that FDR has a positive relationship with ROA, where if the FDR variable increases by one unit, ROA will increase by 0.076 units assuming all other variables are constant. With a positive relationship, then between FDR and ROA shows a unidirectional relationship. The more the FDR increases, the ROA will increase, and vice versa.
- The BOPO coefficient (β) = 0.003, this means that BOPO has a positive relationship with ROA, where if the BOPO variable increases by one unit, then ROA will also increase by 0.003 units assuming all other variables are the same. With a positive relationship, BOPO and ROA show a unidirectional relationship. The more BOPO increases, the ROA will also increase, and vice versa.

3.7 T test

The t statistic test is a test of individual partial regression coefficients which aims to find out how far the independent variables individually affect the dependent variable which in this study is the effect of CAR, FDR and BOPO on ROA. Criteria for decision making can be done by comparing the calculated t value with t table and the significance value if the probability value is less than $\alpha = 0.05$ (5%), it can be concluded that H_a is accepted and H_0 is rejected. It can be said that there is influence between the independent variables on the dependent variable partially.

Table 9. T test results
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	std. Error	Betas			
1	(Constant)	.086	.276		.311	.756
	CAR	.004	.001	.339	4,054	.000
	FDR	.076	.025	.228	3,004	.003
	BOPO	.003	.001	.220	2,605	.010

a. Dependent Variable: ROA

Based on the results of the t statistical test in table 9 above, it can be concluded as follows:

a) Capital Adequacy (CAR)

The results of the t test on the Capital Adequacy (CAR) variable have a significant effect on Financial Performance (ROA), where the t-count > t-table value is $4.054 > 1.977$. And also when viewed from its significant value, Capital Adequacy (CAR) has a value smaller than 0.05, which is 0.000. So it can be concluded that H_0 is rejected and H_a is accepted, meaning that partially the Capital Adequacy (CAR) variable affects Financial Performance (ROA).

b) Liquidity (FDR)

The results of the t test on the variable Liquidity (FDR) have a significant effect on Financial Performance (ROA), where the t-count > t-table value is $3.004 > 1.977$. And also when viewed from its significant value, Liquidity (FDR) has a value smaller than 0.05, which is equal to 0.003. So it can be concluded that H_0 is rejected and H_a is accepted, meaning that partially the Liquidity variable (FDR) has an effect on Financial Performance (ROA).

c) Operational (BOPO)

The results of the t test on the Operational variable (BOPO) have a significant effect on Financial Performance (ROA), where the t-count > t-table value is $2.605 > 1.977$. And also when viewed from its significant value, Operational (BOPO) has a value less than 0.05, which is 0.010. So it can be concluded that H_0 is rejected and H_a is accepted, meaning that partially the Operational variable (BOPO) has an effect on Financial Performance (ROA).

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3.8 Test Coefficient of Determination (R²)

This test aims to determine how far the model's ability to explain variations in the dependent variable. The small value of R² means that the ability of the independent variables to explain the variation in the dependent variable is very limited. However, if the R² value is close to one, it means that the independent variables provide almost all the information needed to predict the variation of the dependent variable. Therefore, this study uses the Adjusted R Square value to determine the size of the dependent variable that is influenced by the independent variables.

Table 10. Test Results for the Coefficient of Determination

Summary modelb					
Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.500a	.250	.233	.64645	1909

a. Predictors: (Constant), BOPO, FDR, CAR

b. Dependent Variable: ROA

Based on the results of the determination coefficient test in table 10 above, the Adjusted R Square value or determination coefficient is 0.233 or 23.3%, this indicates that 23.3% of the Financial Performance (ROA) variable can be explained by the Capital Adequacy (CAR) variable, Liquidity (FDR) and Operational (BOPO), while the remaining 76.7% is explained by other variables outside of the study.

3.9 Discussion

a. Effect of Capital Adequacy Ratio (Car) on Financial Performance (ROA)

Based on the t statistical test in table 7, it can be seen that the variable capital adequacy (CAR) has an influence on financial performance (ROA). In other words, the first hypothesis (H1) in this study is accepted. This can be seen from the t-count value which is greater than the t-table which is equal to $4.054 > 1.977$. And if seen based on the significant value of the Capital Adequacy (CAR) variable, it has a value that is smaller than 0.05, which is equal to 0.000. So it can be said that the capital adequacy variable (CAR) has an effect on financial performance (ROA).

The use of the capital adequacy variable (CAR) as a variable affecting the financial performance variable (ROA) in banks listed on the Indonesia Stock Exchange (IDX) is based on its relationship to the bank's risk level. The determination of capital adequacy (CAR) at a certain value is intended so that banks have sufficient capital to cover possible risks arising from any credit or productive assets that are categorized as yielding and at the same time risky.

Capital adequacy (CAR) has an effect on financial performance (ROA) due to the good ability of banks to reserve funds for the benefit of increasing business and accommodating the risk of loss of funds caused by bank operations. A good bank's ability to supervise and control risk and to cover the decline in its assets caused by some of the losses experienced by the bank by using the capital owned by the bank, so as to be able to absorb unavoidable losses, that's why the bank can run and manage all of its business activities efficiently, so that the bank's profit or profit can increase. A good level of capital from a bank will affect the level of public confidence in the bank's financial performance.

In addition, if one looks at it and relates it to the existing phenomena, it can be said that the capital adequacy value (CAR), which decreased during the Covid-19 pandemic, also affected the financial performance of the banking itself. Where during the Covid-19 pandemic, the financial performance of banks was indeed declining.

The results of this study support the results of research conducted by Ambarwati, et al (2021) which state that capital adequacy (CAR) has an effect on financial performance (ROA).

b. Effect of Liquidity (FDR) on Financial Performance (ROA)

Based on the t statistical test in table 7, it can be seen that the liquidity variable (FDR) has an influence on financial performance (ROA). In other words, the second hypothesis (H2) in this study is accepted. This can be seen from the t-count value which is greater than the t-table, which is equal to $3.004 > 1.977$. And if seen based on the significant value of the liquidity variable (FDR) it has a value that is smaller than 0.05, which is equal to 0.003. So it can be said that the variable liquidity (FDR) has an effect on financial performance (ROA).

Liquidity (FDR) affects Financial Performance (ROA) due to the good ability of banks to channel financing or credit or when providing funds to debtors using their own capital or from funds obtained from

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the public, thereby contributing to increased profits or ROA. Good liquidity management (FDR) is carried out by these banks, where most of the funds come from public funds and can be withdrawn at any time, but banks can accurately manage and monitor liquidity requirements (FDR) for a certain period of time. The ability of a bank when managing its liquidity will have an impact on public confidence in the bank itself, as a result it can support operational continuity or financial performance (ROA) of the bank.

If it is related to the existing phenomena, it is explained that liquidity (FDR) has decreased in the early years (2019 & 2020) of the arrival of Covid-19 in Indonesia. This also affected the banking financial performance which also experienced a decline. Apart from that, it is also said that in 2021 the value of liquidity will also increase very drastically, this increase in liquidity also cannot be interpreted well, because liquidity that is too low or too high can make it difficult for banks. Good liquidity must comply with existing standards.

The results of this study support the results of research conducted by Iqra Wiarta (2020) which states that liquidity (FDR) has an effect on financial performance (ROA).

c. Operational Influence (BOPO) on Financial Performance (ROA)

Based on the t statistical test in table 7, it can be seen that operational variables (BOPO) have an influence on financial performance (ROA). In other words, the third hypothesis (H3) in this study is accepted. This can be seen from the t-count value which is greater than the t-table, which is equal to $2.605 > 1.977$. And when viewed based on the significant value of the operational variable (BOPO) it has a value that is less than 0.05, which is equal to 0.010. So it can be said that operational variables (BOPO) have an effect on financial performance (ROA).

The BOPO ratio is used to measure the level of efficiency and ability of a bank in carrying out its operational activities. The lower the level of the BOPO ratio means the better the performance of the bank's management, because it is more efficient in using existing resources at the bank. Vice versa if a bank's BOPO is high, it means that the bank's performance is not efficient.

Operational (BOPO) has an effect on Financial Performance (ROA) due to the good ability of the bank to manage and reduce its operational expenses. Where the income derived from bank operations is greater than the operational costs incurred by the bank, so it can be said that the bank is efficient in carrying out its operational activities. Banks with a low BOPO ratio indicate that the higher the operating income the bank earns compared to the operational costs incurred, the higher the profit the bank earns and the impact on the bank's financial performance (ROA) increases.

If it is related to the existing phenomena, it is explained that operations (BOPO) experienced a decrease in 2019 and 2020, marked by operational restrictions by banks for less than 3 months to minimize losses, this also affected the financial performance of banks which decreased during the period the. Whereas for 2021, operations (BOPO) will increase from the previous year, although not large, but can be said to be efficient.

The results of this study support the results of research conducted by Setianingrum, Khairul Astria, et al (2018) which state that operational variables (BOPO) have an effect on financial performance (ROA).

4. CONCLUSION

Based on the results of the analysis and discussion described in chapter 4 previously, the conclusion of this study is that capital adequacy (CAR) has an effect on financial performance (ROA) of banks listed on the Indonesia Stock Exchange for the 2019-2021 period. This can be seen from the positive regression coefficient value of 0.004 with a significance value less than the significance requirement ($0.000 < 0.05$). Thus, the first hypothesis which states that CAR has an effect on financial performance (ROA) is proven. Liquidity (FDR) affects the financial performance (ROA) of banks listed on the Indonesia Stock Exchange for the 2019-2021 period. This can be seen from the negative regression coefficient value of 0.076 with a significance value less than the significance requirement ($0.003 < 0.05$). Therefore, the second hypothesis which states that liquidity (FDR) has an effect on financial performance (ROA) is proven. Operational (BOPO) affects the financial performance (ROA) of banks listed on the Indonesia Stock Exchange for the 2019-2021 period. This can be seen from the positive regression coefficient value of 0.003 with a significance value less than the significance requirement ($0.010 < 0.05$). Thus, the third hypothesis which states that operational (BOPO) has an effect on ROA is proven.

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