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ANALYSIS OF FACTORS AFFECTING THE RATE OF EQUITY RETURNING AFFECTING CREDIT DISTRIBUTION IN COMMERCIAL BANKS (PERSERO) IN 2017-2020

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ABSTRACT

Consumer loyalty are influenced by price, product and location factors. Companies must have competitive prices, have quality products and have a strategic location in other can be increased consumer loyalty. Price is the amount of money that has been agreed upon by prospective buyers and sellers to be exchanged for goods or services in a business transaction. Products are all things that can fulfill and satisfy human needs or desires, both tangible and intangible. Location is one of the initial activities that must be carried out before the company starts operating determining the right location will affect the company's ability to serve consumers. Consumer loyalty is a consumer's commitment to a product or service by making routine purchases more than twice. Prices that can be reached by consumers, products that are in accordance with their benefits and a location located in the city center will increase consumer loyalty. The purpose of this study was to determine or analyze the effect of price, product and location towards consumer loyalty at CV. Triple Delapan Group Medan. This research was conducted at CV. Triple Delapan Group Medan. The type of research used is descriptive quantitative research. The results showed that price, product and location had a positive and significant effect both partially and simultaneously towards consumer loyalty at CV. Triple Delapan Group Medan. The adjusted R square value of 90.7% indicates that the variable ability of price (X1), product (X2) and location (X3) affects consumer loyalty (Y) at CV. Triple Delapan Group Medan while the remaining 9.3% is the influence of other independent variables that are not explained or not examined by researchers in this study such as promotion, service quality or consumer purchase interest variables.

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1. INTRODUCTION

The banking industry is one of the industries that make a real contribution to the economy of a country, where the banking industry is a pillar of the strong economic standing of a country. The banking industry can assist the State in maintaining cash flows, as well as assist the State in providing services for lending to the public, especially for business loans, where this credit is given to entrepreneurs so that entrepreneurs can use it for business development capital that can be used to increase the capacity and quality of goods produced in order to assist the government in increasing production goods that are used not only for the benefit of the people in the country, but also the production results are used for the benefit of the government in order to increase the economic growth of the country.

In carrying out its activities, banks must be able to analyze whether the party given this credit is worthy or not, where this analysis is carried out so that the bank does not experience problems in increasing the amount of receivables that will be billed to customers who are given credit loans, where many of the banks whose receivables are returned too late, thus giving rise to bad debts or an increase in non-performing loans (NPL), thus disrupting the ability of banks to increase the amount of cash, as well as impaired returns on assets and equity and resulting in a decrease in the ability of banks to channel credit, thus affecting the amount of loans disbursed.

According to Maryono (2007) the ability of banks to disburse credit is low due to the ability of banks to absorb the amount of receivables from credit repayments is very low, consequently non-performing financing (NPL) increases, as a result, increasing non-performing financing has an effect on decreasing the amount of return on equity, thus affecting the decrease in the amount of assets of the bank.

According to Rochmawati (2012) a bank that has the ability to channel credit properly is a bank that can absorb the maximum amount of funds from the public, where the absorption of the amount of funds from the public will be able to increase the amount of credit to be distributed, and increase reserves, as well as more assets to help increase the amount of credit. An increase in the amount of funds for lending does not necessarily increase the rate of return on equity (ROE) properly, where even though the credit disbursed increases, it does not necessarily increase the amount of ROE, due to loan repayments that are not yet on the due date, where the loan repayments are that do not match the due date will cause and increase non-performing financing (NPL), so that the increase in NPL will reduce ROE, reduce assets, and even reduce funds or capital for lending activities in the coming year.

One of the banks assigned to disburse credit is a Government Bank, where the Government Bank is mandated by the Government to channel credit to the public, as stipulated in the Banking Law Number 10 of 1998 in Article 1 Paragraph 2, which according to the Article 1 Paragraph 2 of the Law No. 10 of 1998 Bank is 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 or other forms in order to improve the standard of living of the people at large.

Government-owned bank is a bank that is trusted for its task of distributing credit to the public, either through existing funding in the bank, or through People's Business Credit (KUR) assistance by the government, where this government-owned bank is guaranteed in funding and capital, where the government will always help if the bank is experiencing problems capital difficulties.

In carrying out its functions, this state-owned bank is faced with various problems when credit distribution is increasing every year, so it is not certain that loan repayments can be fully realized, where the rate of loan repayment cannot be returned in a timely manner, resulting in increasing non-performing financing (NPL). Thereby affecting the rate of return on equity (ROE), consequently affecting the increase in assets, where the value of assets will decrease and will affect the ability of banks to increase funds for lending, where the amount of funds raised for lending slightly decreases. To find out an overview of the relationship between the numbers of assets, the amount of credit disbursed, NPL and ROE of several government-owned banks, see Table 1 below:

Table 1. Description of the Relationship between Total Assets, Total Loans Disbursed, NPL and ROE of Several State-Owned Banks from 2017-2020

No	Name of Government Bank	Year	Total Assets (Billion Rp)	Total Loans Disbursed (Billion Rp)	NPL (%)	ROE (%)
1	Bank BRI	2017	1.076.438.066	708.011.042	0,88	20,03
		2018	1.234.200.039	804.356.813	0,92	20,49
		2019	1.343.007.860	859.570.854	1,04	19,41
		2020	1.421.785.007	808.685.363	0,80	11,05
2	Bank BNI	2017	661.658.373	417.151.310	0,70	15,60
		2018	754.575.210	483.421.821	0,85	16,10
		2019	780.237.387	522.750.099	1,25	14,00
		2020	818.227.668	551.786.774	0,95	2,86
3	Bank Mandiri	2017	978.377.431	644.257.408	1,06	14,53
		2018	1.037.077.806	718.966.846	0,67	16,23
		2019	1.128.683.875	792.351.117	0,84	15,08
		2020	1.209.045.441	763.603.416	0,43	9,36
4	Bank BTN	2017	261.365.267	181.002.783	1,66	18,11

2018	306.436.194	215.716.247	1,83	14,93
2019	311.776.828	232.212.539	2,96	11,00
2020	361.208.406	235.052.116	2,06	10,02

Source : www.ojk.go.id, 2021

Based on Table 1 above, it can be concluded that although the number of loans disbursed, as well as the number of assets that continue to increase in several state-owned banks during the period 2017-2020, the level of non-performing financing (NPL) which continues to increase from year to year affects the level of non-performing loans (NPL) from year to year, return on equity (ROE) from several government-owned banks, where the rate of return on equity greatly affects the increase in total assets, where the assets that continue to increase from government-owned banks are supported by capital disbursement assistance from the government to government-owned banks every year, so that although there are obstacles from increasing non-performing financing (NPL) and decreasing ROE, it will not have much effect on total assets, because the assets owned by these Government-owned banks are sufficient as reserve funds in order to increase the amount of credit that will be disbursed to the public.

Based on the explanation above, it is in accordance with Hendawaty's research (2017) which stated that total assets have an effect on return on equity, where if the total assets of the credit return rate increase, it will increase equity, so that credit returns are smooth, it will launch and increase the company's assets, The company's assets increase and current will launch and increase the company's return on equity.

Idrus' research (2018) is in line with the explanation of the problems that have been described, where this study explains that non-performing financing and the number of loans disbursed affect the return on equity, where although the number of loans to be distributed increases, the NPL also increases due to the high rate of return. The loan returned does not match the maturity date, as a result of this it will affect the low return on equity.

2. THEORITICAL REVIEW

Assets

According to Isnandar, et al (2016), assets are resources with economic value that are owned or controlled by individuals, companies, or countries with the hope that they will provide benefits in the future. According to Assofi and Hani (2017) assets are assets or assets are all economic resources or the value of a wealth by a particular entity with the hope of providing economic and social benefits that can be measured in units of money, including non-financial resources needed to provide services for the community, the general public and the resources maintained for historical and cultural reasons.

Based on the opinions of the experts above, it can be concluded that assets are resources that have economic value from a company or profit institution that are used to determine and move the direction and operations of the company in order to increase profits. According to Gambacorta, et al (2021) the increase and decrease in assets is influenced by:

a. NPL (problem financing)
   The more assets increase, the NPL decreases, where a decrease in NPL will contribute to an increase in the rate of return on equity contributing to an increase in assets, on the contrary, when assets decrease, the NPL increases, meaning that an increase in NPL will reduce the return on equity which contributes to a decrease in assets.
b. CAR (Capital Adequacy Ratio)
   The more assets increase, the better the company's ability to increase capital (CAR) increases, the increase in CAR is based on increasing equity, so the company has capital to improve operations in the following year.
c. Financing Deposit to Ratio (FDR)
   The more assets increase, the greater the company's ability to increase liquidity, where this increase in liquidity is based on increasing equity, so that assets grow and develop to improve operations in the coming year..

Distributed Credit

According to Adnan, et al (2016) credit is a financial facility provided by a bank or financial institution that allows a person or business entity to borrow money to buy a product and pay it back within a specified period of time subject to interest. According to Hadi and Mardiana (2018), the amount of credit disbursed has something that cannot be avoided, namely credit risk, where credit risk is a big problem for the banking world and financial institutions in general because it reduces bank liquidity, equity and profitability.

Based on the opinions of the experts above, it can be concluded that the amount of credit disbursed is a facility received to be utilized in order to increase business productivity, where the credit recipient must meet the requirements and conditions set by the Government as an absolute requirement for the recipient. According to Marinelli, et al (2020) the factors that affect the amount of credit to be disbursed include:

a. Smooth payment

If the loan disbursed to customers is smooth, it can increase equity to increase the amount of capital for lending in the coming year.

b. Loan amount

The amount of the loan given depends on the bank's ability to provide the amount of funds for lending, if the amount of funds given increases, it will increase the bank's equity, so that the bank will be able to increase the amount of capital to distribute large amounts of credit loans to the community, because the company's equity have the resilience of the risks to be faced such as increasing NPL.

c. Customer's ability to pay

If customers have the ability to repay loans on time, the number of non-performing loans will decrease, and increase bank equity, so as to be able to provide capital for the loan disbursement process in the future and resilience in overcoming risks.

d. Customer capacity and capability

The more capable the customer, the more confident the bank will be that the customer can complete his obligations on time, so that the more capable the customer is in increasing the ability to pay, the equity will increase, the NPL will decrease and the bank will always be able to increase the amount of funds to procure funds to be channelled to customer.

Non Performing Loan (NPL)

According to Khan, et al (2020) a non-performing loan (NPL) is a condition of a loan in which the debtor fails to make payments that are scheduled for a certain period of time. In banking, credit status can be categorized as NPL if the condition of the loan with an interest rate of 90 days has been capitalized, refinanced, or postponed due to an agreement or amendment to the original agreement.

According to Radivojevic (2019) non-compliance financing (NPL) arises because of the customer's non-compliance in completing their obligations by paying credit on time, so that with this non-compliance, it causes a decrease in capital and equity to be able to increase the amount of capital in order to increase the amount of funds to be paid, cchanneled, where the amount of funds to be channeled through credit is decreasing or decreasing from year to year.

Based on the opinions of the experts above, it can be concluded that non-performing loans (NPLs) occur due to the non-compliance of customers or debtors in seeking to repay credit loans that are not in accordance with the maturity date, so that it can affect the bank's ability to increase the amount of equity and capital to increase the amount of funds in order lending activities to the public.

According to Li and Lin (2021) the factors that influence non-performing loans which are part of the risk of lending by banks are as follows:

a. Lack of ability of banks to meet Capital Adequacy (CAR), thus affecting the ability of banks to collect funds or repay loans, giving rise to Non-performing Loan (NPL).

b. A high Net Interest Margin (NIM) affects the customer's ability to repay the loan amount, as a result, with the increase in interest costs, it will make it difficult for customers to repay loans on time, resulting in an increase in non-performing Loan (NPL) which will harm equity and reduce capital. .

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c. The decline in the ability of banks to increase capital reserves (LDR), where the decreased ability of banks to increase capital reserves has an impact on reducing the ability of banks to absorb credit returns, resulting in problematic financing that erodes the ability of banks to increase equity and capital reserves.
d. Characteristics of customers in offering profiles that are in accordance with their capacities and capabilities, so that with the bank's ability to analyze customer characteristics, it will reduce non-performing financing, where banks can analyze and describe the customer's capacity and capability whether the customer is eligible for credit or not in order to reduce the inability customers in paying credit which will have an impact on increasing problematic Loan (NPL).

According to Barus and Erick (2016), the formula for calculating non-performing loans (NPL) is as follows:

$$NPL = \frac{Bad\ Credit}{Total\ Credit\ Distribution}\ x\ 100\%$$

Return on Equity (ROE)

According to Kamar (2017) return on equity (ROE) is a ratio calculation that shows the company's ability to generate net income using its own capital and generate net income available to owners or investors.According to Bunea, et al (2019), banks in increasing return on equity must see the extent to which loans are redistributed on time, this will benefit the owners of capital (investors) in investing their capital in the bank, where if the value of equity or ROE increases, investors will be happy to add funds to invest

From some of the opinions of the experts above, it can be concluded that return on equity is a ratio calculation that calculates the company's ability to generate net income which is intended for the benefit of the company, owners and investors.

According to Corzo, et al (2020) the factors that affect return on equity are as follows:
a. The amount of credit disbursed, where the greater the number of loans disbursed, the greater the number of loan repayments, thus affecting the bank's ability to increase the amount of return on equity, so that the ROE value continues to decline.
b. An increase in assets, where the number of assets increases will make equity increase and be able to increase the value of ROE, on the contrary if the number of assets decreases, it will erode the value of ROE.
c. An increase in NPL, where if the NPL increases, it will reduce equity, so that the value of ROE will decrease and will reduce the ability of banks to increase capital in the context of lending activities in the future.

The formula for calculating the return on equity is as follows:

ROE= Net Profit / Shareholders' Equity

CONCEPTUAL FRAMEWORK

The conceptual framework image of this research can be seen in Figure 1 below:

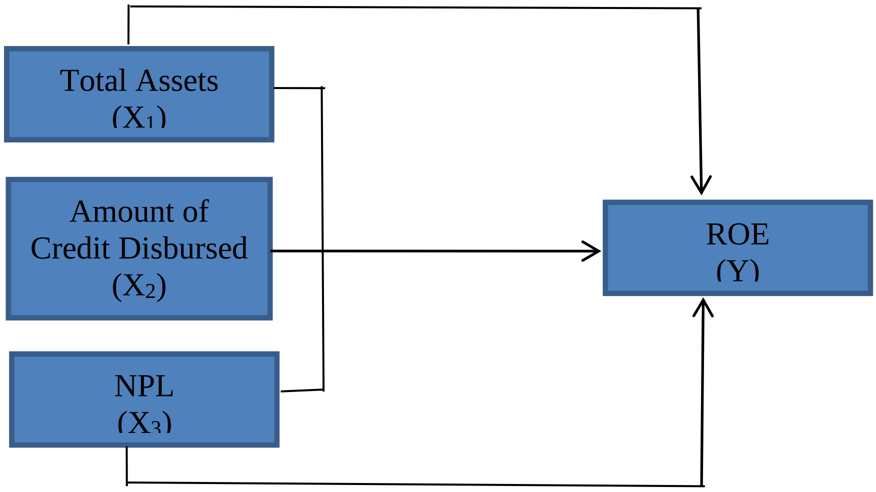


Figure 1. Research Conceptual Framework

Research Hypothesis

a. Total assets have a positive and significant effect on return on equity (ROE)
b. The amount of credit to be disbursed has a positive and significant effect on return on equity (ROE).
c. Non-performing loan (NPL) has a positive and significant effect on return on equity (ROE).
d. Total assets, amount of credit to be disbursed and Non-performing loan (NPL) have a positive and significant effect on return on equity (ROE).

3. METHOD

Object of research

The research subject is the data on the number of assets, ROE, NPL and the amount of credit to be disbursed sourced from the financial statements of state-owned banks for the year 2017-2020. The type of data in this study is secondary data. Where according to Tersiana (2018) secondary data is data obtained through various sources, such as from literature studies, from books, and from other sources such as from the internet, where this data has been processed into actual data.

Data collection technique

Data collection technique is a method used by a researcher to be able to collect data and information that will later be useful as supporting facts in explaining his research (Abdillah, 2018).

Data collection techniques used by researchers in research are as follows:

1. Observation

Observation is a data collection technique that is done by observing directly the object to be studied. This observation is carried out to obtain a real picture of the relationship between the number of assets, the amount of credit to be disbursed, and non-performing Loan (NPL) to the rate of return on equity (ROE).

2. Documentation

Documentation is a technique used in collecting data through various sources, such as literature studies, books or from online media.

4. RESULT AND DISCUSSION

Classic Assumption Test

Normality test

To detect whether the residuals are normally distributed or not, it is shown by analysis of histogram graphs and Normal Probability Plot graphs as shown below:

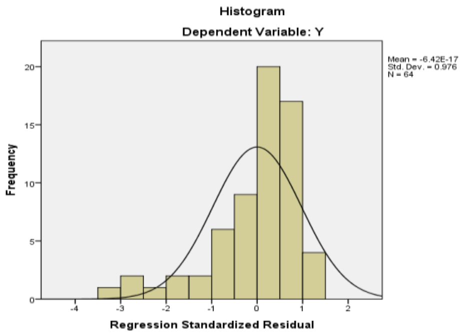
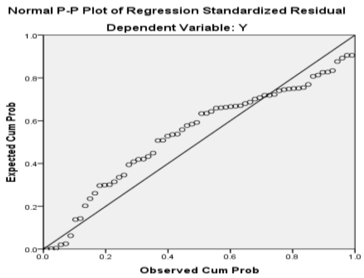


Figure 2. Histogram Graph of Data Normality Test
Source: Research Result, 2021 (Data Proccessed)

From Figure 2 shows that the variables are normally distributed. This is indicated by the distribution of the data which does not deviate to the left or to the right.



Source: Research Results, 2021 (Data Processed)

Figure 2 shows that the distribution of the results of data processing is around the horizontal line. Thus, the hypothetical regression model satisfies the assumption of normality.

According to Priyatno (2016: 38), "Test normality with the One-Sample Kolmogorov-Smirnov methodology". The test criteria are as follows:

1. If the significance value is > 0.05 then the data is normally distributed.
2. If the significance value < 0.05 then the data is not normally distributed.

The results of the Kolmogorov-Smirnov One-Sample test are as shown in the table below:

Table 2. Test results of Kolmogorov-Smirnov
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		64
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	3.69665087
Most Extreme Differences	Absolute	.148
	Positive	.098
	Negative	-.148
Test Statistic		.148
Asymp. Sig. (2-tailed)		.080[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

From the table above it can be concluded that sig. K-S > 0.05 (value α) that is 0.080 > 0.05. Thus, accepting H0 means that the data distribution has been normally distributed and can be used for further research.

Multicollinearity Test

The results of the multicollinearity test are as in Table 2 below:

Table 3. Multicollinearity Test

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Assets (X_1)	.012	83.141
	Credit (X_2)	.013	78.371
	NPL (X_3)	.403	2.481

a. Dependent Variable: Consumer Loyalty

Source: Research Results, 2021 (Data Processed)

From Table 2. it can be seen that the Tolerance value <0.1 and the VIF value> 10, there is no multicollinearity problem in this study..

Heteroscedasticity

The results of the heteroscedasticity test with the Scatterplot graph as shown in the image below:

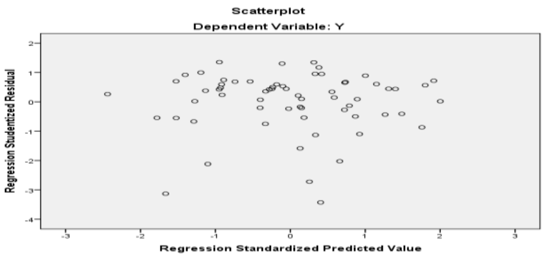


Figure 4. Graph of Heteroscedasticity Test

Source: Research Results, 2021 (Data Processed)

From Figure 3. it can be seen that the points spread above and below the number 0 on the Y axis. Thus, it can be concluded that this hypothesis regression equation is free from the assumption of heteroscedasticity.

Hypothesis test

Multiple Linear Regression Coefficient Test Results

The results of multiple linear regression analysis are as in the table below:

Table 4. Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	15.161	2.981	
	Assets (X_1)	-2.999	.000	-2.607
	Amount of Credit Disbursed (X_2)	4.849	.000	2.735
	NPL (X_3)	-1.790	1.233	-.263

a. Dependent Variable: ROE

Source: Research Results, 2021 (Data Processed)

The multiple linear regression equation obtained is:

$Y = 15{,}161 - 2{,}999\ X1 + 4{,}849\ X2 - 1{,}790\ X3 + e$

In this equation it can be seen that the value of the constant (a) = 15,161. This means that although the independent variables, namely assets (X1), credit (X2) and NPL (X3) have a fixed value, the ROE (Y) of lending to commercial banks is fixed at 15.161%.

Asset variable X1 = -2.999. This shows that the asset variable has a negative effect on the return on equity of lending to commercial banks or in other words, if the assets of commercial banks increase by one unit, the return on equity of lending to commercial banks will decrease by 2.999%.

Variable amount of credit disbursed X2 = 4.849. This shows that the variable number of loans disbursed has a positive and significant effect on the return on equity of lending to commercial banks or in other words, if the variable of the number of loans disbursed increases by one unit, the return on equity of lending to commercial banks will increase by 4.849%.

Variable NPL X3 = -1.790. This shows that the NPL has a positive and significant effect on the return on equity of commercial bank lending or in other words, if the NPL variable increases by one unit, the return on equity of commercial bank lending will decrease by 1.790%.

t-test (Partial)

The results of the t-test are as in the table below:

Table 5. Partial Test Results

Coefficients[a]

Model		T	Sig.
1	(Constant)	5.085	.000
	Assets (X_1)	-2.487	.016
	Amount of Credit Disbursed (X_2)	5.688	.009
	NPL (X_3)	-1.452	.152

a. Dependent Variable: ROE

Source: Research Results, 2021 (Data Processed)

The t_{table} value is obtained by means of:

The denominatort (df) = n – k
= 63 – 3
= 60, t_{table} 0,05.

So, t_{table} (60) = 1,671.

Based on Table 4. above, the following results are obtained:

1. The t_{count} value for the asset variable is -2.487 smaller than the t_{table} value of 1.671 or the sig value of t for the price variable 0.016 is greater than or alpha (0.05). Based on the results obtained, H_0 is accepted and H_1 is rejected. Thus, partially assets have a negative effect on the return on equity of commercial bank lending.
2. The t_{count} value of the variable amount of credit disbursed is 5,688 which is greater than the t_{table} value of 1,671 or the value of sig. t for the product variable is 0.009 smaller than or 0.05 alpha. Based on the results obtained, H_0 is rejected and H_1 is accepted. Thus, partially the amount of credit disbursed has a positive and significant effect on the return on equity of commercial bank lending.
3. The t_{count} value for the NPL variable is -1.452 smaller than the t_{table} value of 1.671 or the sig value. t for the price variable 0.152 is greater than or 0.05 alpha. Based on the results obtained, H_0 is accepted and H_1 is rejected. Thus, partially NPL has a negative effect on the return on equity of commercial bank lending.

F Test (United)

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

Table 6. Simultaneous Test Results
ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	224.756	3	74.919	5.221	.003[b]
1	Residual	860.909	60	14.348		
	Total	1085.666	63			

a. Dependent Variable: ROE
b. Predictors: (Constant), Assets, Amount of Credit Disbursed, NPL
Source: Research Results, 2021 (Data Processed)

In Table 5. above, it can be seen that the value of F_{count} is 5.221. At the error rate = 5%, the F_{count} value is greater than the F_{table} value, which is significant and the significant value is 0.003 < 0.05 at the F_{table} value = 2.76. Based on the hypothesis test criteria, if $F_{count} > F_{table}$, then H_0 is rejected and H_1 is accepted, meaning that the variable assets (X1), the amount of credit disbursed (X2) and NPL (X3) simultaneously have a positive and significant effect on the return on equity (Y) of commercial bank lending.

Coefficient of Determination Test (R2)

The results of the coefficient of determination test are as shown in the table below:

Table 7. Testing the Coefficient of Determination
Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.655[a]	.707	.667	3.78794

a. Predictors: (Constant), Location, Product, Price
b. Dependent Variable: Consumer Loyalty
Source: Research Results, 2021 (Data Processed)

Based on Table 6. above, the adjusted coefficient of determination is 0.667. This shows that 66.7% of the variable assets (X1), the amount of credit disbursed (X2) and NPL (X3) are able to explain the return on equity variable for commercial bank lending (Y), while the remaining 33.3% is the influence of the variable other independent variables that are not explained by the research model such as return on assets and debt to equity ratio variables.

Discussion

Based on the results of partial and simultaneous testing can be explained as follows:

Based on the results of the hypothesis test above, it can be concluded that the partial test (t-test) on the asset variable has a negative effect on the return on equity of commercial bank lending. This can be seen from the significance value of 0.016 > 0.05 and the value of t_{count} (-2.487) < t_{table} (1.671) meaning that if the asset variable is increased, it will not necessarily increase the return on equity of commercial bank lending. This study is in accordance with the results of previous research on behalf of Hadi and Mardiana (2018) which stated that there was a negative effect of ROE on the credit distribution of Briguna Kretap.

Based on the results of the hypothesis test above, it can be concluded that the partial test (t-test) on the variable amount of credit disbursed has a positive and significant effect on the loyalty variable return on equity of credit distribution for commercial banks. This can be seen from the significance value of 0.009 < 0.05 and the value of t_{count} (5.688) > t_{table} (1.671) meaning that if the variable number of loans disbursed is increased, the return on equity of lending to commercial banks will also increase. This study is in accordance with the results of previous research on behalf of Miranda and Raahrdjo (2014) which stated that the amount of credit to be distributed would have an impact on increasing the rate of return on assets and equity.

Based on the results of the hypothesis test above, it can be concluded that the partial test (t-test) on the NPL variable has a negative effect on the return on equity of commercial bank lending. This can be seen from the significance value of 0.152 <0.05 and the value of t_{count} (-1.452) < t_{table} (1.671) meaning that if the NPL variable increases, the return on equity of commercial bank lending will not necessarily increase. This study is in accordance with the results of Idrus' research (2018), where this study states that an increase in NPL will make the rate of loan repayments decrease, thus influencing the decision of the banking sector in channeling the amount of credit to the public.

5. CONCLUSION

Based on the results of the study, the researchers gave the following conclusions Partially, assets have a negative effect on loyalty, return on equity, in lending to commercial banks. Partially, the amount of credit disbursed has a positive and significant effect on the return on equity of commercial bank lending. Partially NPL has a negative effect on the return on equity of commercial bank lending. Simultaneously, assets, the amount of credit disbursed and NPL have a positive and significant effect on the return on equity of commercial bank lending. Based on the results of the study, the researchers suggested the following It is recommended that commercial banks continue to intensify the amount of credit to be disbursed, where by increasing the amount of credit to be distributed, it will be able to increase the return on equity (ROE) of Commercial Banks gradually or significantly. For previous researchers, it is better to add the return on assets variable, where and debt to equity ratio, where by adding this variable the researcher will easily find the effect of the rate of return on credit on the rate of return on assets and debt.

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