



Analysis of Profitability and Liquidity in Non-Foreign Exchange Private Commercial Banks

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ABSTRACT

Study This aim For test influence capital, and quality asset productiveto liquidity and profitability in Non Foreign Exchange National Private Commercial Banks. Population study This is all public banks conventionally registered with Bank Indonesia and OJK. Research sample consists from public banks private national non - exchange taken with purposive sampling technique. Source of data in the form of secondary data form report bank finance 2015-2021. Data analysis technique uses Partial Least Square with WarpPls 7.0 software. Study This using 2 variables exogenous that is capital, and quality asset productive. Capital be measured with use ratio of Capital Adequacy Ratio (CAR) or KPMM. Productive asset quality be measured with 2 indicators Assets Productive Problematic Loans (APB) and Non Performing Loans (NPL). Profitability as endogenous variables are measured with 2 indicators that is be measured with 3 indicators namely Return On Assets (ROA), Return On Equity (ROE), and Net Interest Margin (NIM). Liquidity as the intervening variable is measured with use Loan to Deposit Ratio (LDR) and Liquidity Coverage Ratio (LCR). Research results show that all indicators work measure with Good variable latent with modification produce macroeconomic indicators i.e. Exchange. this show that criteria validity and reliability fulfilled. Research results show that accepted hypothesis namely, the effect of KAP on capital, KAP on Profitability, microeconomy to profitability, capital against liquidity, macro economy to liquidity and liquidity to profitability.

Keyword: capital, profitability and quality assets productive, liquidity.

I. INTRODUCTION

Banks are one institution functioning finance as institution intermediation that is raise funds from public form savings (giro, savings, deposits or certificate deposits) and channeling

return the funds to public form loan / credit. Inside operate function as institution intermediation, then the bank will still guard performance. one measurement bank performance is profitability. Profitability is internal banking capabilities obtain profit. The more tall profitability generated by the bank, then the more also high bank performance. Bank profitability can be measured with use ratio *Return On Assets (ROA)*, *Return On Equity (ROE)* and *Net Interest Margin (NIM)*. Bank profitability can influenced by bank capital, quality asset productivity and bank liquidity.

Ratio capital or known with CAR (*Capital Adequacy Ratio*) or ratio Obligation Minimum Capital Requirement (KPMM) is ratio required capital adequacy maintained by the bank. Based on POJK Number 11/POJK.03/ 2016 concerning Obligation The Minimum Capital Provision for Commercial Banks is explained that public bank must maintain a minimum capital of 8%-14% accordingly with profile individual risks. Capital in the bank will used For to cover happening risk to the bank. The more tall ratio capital means that the bank has structure increasing capital strong.

Productive assets is investment in bank funds form credit, letter valuable or form others can produce profit for banks. The more Good quality bank assets then the more tall level bank profitability. Quality asset productive bank can be measured with Earning Assets ratio Problematic (APB) and ratios *Non Performing Loans (NPL)*. Quality asset productive shared become 5 categories that is Smooth, In Attention Special, Substandard Doubtful and Stuck. Healthy banks is the bank that owns APB ratio and NPL ratio below 5%. this show that the bank can afford manage asset productive problem and credit problem with application principle good caution.

Liquidity is internal banking capabilities fulfil obligation period in short. Difficulty liquidity for the bank will impact the bank will experience



risk liquidity and reduce trust society in banking . Lack of trust society on the bank will have an impact on the occurrence of customer funds in the bank as a whole massive . This is also caused Because happening decline bank performance , as well factors others , like worsening economics and factors external , such as contagion effect.

Phenomenon problem liquidity Once occurred in several banks in Indonesia. at the moment crisis monetary policy that occurred in 1997-1998 , the bank experienced problem liquidity resulted in the closure of 16 banks. Besides that , case risk bank liquidity also had happened to one of the banks in 2008. It happened enhancement credit have problems with the bank cause level bank liquidity experienced decrease , because the bank is not can return loan from debtor . Decline ability liquidity This will impact on the decline bank profitability . Bank liquidity can be measured with use ratio *Loan to Deposit Ratio* (LDR) and *Liquidity Coverage Ratio* (LCR).

Financial Services Authority (OJK) has give policy related with deep bank liquidity matter *Loan to Deposit Ratio* (LDR) and *Liquidity Coverage Ratio* (LCR). Based on POJK Number 42/POJK.03/2015 Concerning Ratio Fulfillment Obligations Adequacy Liquidity (*Liquidity Coverage Ratio*) mentioned that the bank is obligated look after adequacy adequate liquidity at least 100% Meanwhile from side distribution credit , Bank Indonesia has setting an LDR limit of 78-92% is appropriate with PBI No. 15/7/PBI/2013 concerning Statutory Reserves for Commercial Banks at Bank Indonesia in Rupiah and Foreign Currency, procedures fulfillment of Secondary Statutory Reserves (GWM) and Minimum Statutory Reserves Based on *Loan to Deposit Ratio* (GWM LDR).

Macroeconomics is factor from outside the bank that can influence bank profitability . Macroeconomic factors This includes GDP, value exchange and inflation . Measured level of income with GDP will be influence pattern saving from someone , even more large GDP then bank profitability will also be increase . Exchange rate foreign currency _ be one _ factor profitability banking Because in its activities , the bank provides service sell buy foreign currency . With exists change mark swap foreign currency the bank acquires income form difference rate . Inflation defined as an ascension process applicable prices _ in something economy , which is increasing increase price different from One period to period other .

Study about liquidity and profitability of the bank has done by some researcher earlier ((Angraini & Prastiwi, 2020) ; (Fadillah & Aji, 2018) ; (Irsyad et al., 2019) ; (Derekoy & Kurt, 2020) ; (Morina & Qarri, 2021) ; (Nguyen & Vo, 2021) ; (Rizal & Humaidi, 2019) ; (Sasmita et al., 2018)) and shows different results . _ because _ it , p This become research gap for done study return about bank liquidity and profitability . As for goals study This is For test and analyze influence capital , and quality assets productive on liquidity and profitability in Non Foreign Exchange National Private Commercial Banks .

II. LITERATURE REVIEW

BANK CAPITAL

Capital is very important thing for banks. The function of capital for the bank is can used For carry out activity bank operations and cover happening risk for banks. The ratio that can used For measure bank capital ie ratio *Capital Adequacy Ratio* (CAR) or ratio *Obligation Minimum Capital Provision* (KPMM). Ratio or capital adequacy is measured from percentage certain to assets weighted according to risk (Taswan, 2010, 225) . The more tall ratio this , then the more strong bank capital . Banks that have good capital will more capable For fulfil need liquidity and increase bank profitability . Capital component consists of two components namely core capital and supplementary capital(Kasmir, 2019:298) . Core capital consists from paid-up capital , share premium, donated capital , reserves general , reserve goals and profits detained . Complementary capital consists from loan capital , subordinated capital , reserves revaluation asset fixed , and backup general . Bank capital can be measured with use formula as following (SE OJK No. 9/ SEOJK .03/2020)

QUALITY OF EARNING ASSETS

Quality assets productive is reject measuring For evaluate level refund already _ invested in the bank form assets productive form credit , letter valuable or form other . Based on collectability it , quality something assets productive shared in 5 categories that is smooth , deep attention specifically , less fluent , doubtful and stalled . On research this , quality assets can be measured with using 2 ratios that is ratio *Assets Productive Problematic* (APB) and ratios *Non Performing Loans* (NPL).

MACROECONOMIC

Product Gross Domestic (GDP) is indicators used _ For know condition economy in a



country _ period certain on price apply nor price constant . top GDP base price apply can used For see shift and structure economy , moderate price constant used For know growth economy from year to year(Ahmadi & Herianingrum, 2019) .Inflation defined as an ascension process applicable prices _ in something economy , which is increasing increase price different from One period to period other . Happening inflation generally means _ _ _ increase price No only happened to one type goods course , but increase price the covers group goods consumed by the public especially Again increase it will too influence price other goods on the market. Applicability change level price cause exists index established price _ For describe level change applicable prices _ in a country (Sukirno, 2004:20) .Happening rising inflation _ with suddenly can bring up something incident certain Where outside expectation government like , effect subtraction huge value for money or instability politics . Ascension inflation too _ give impact to instability economy(Salim et al., 2021) . Naturally For overcome problem like This government with fast compile purposeful steps _ For stabilize it return (Sukirno, 2004:333) . Factors that become _ reason happening inflation :

1. Spending rate excess aggregate _ ability companies _ _ For produce goods and services .
2. Various workers _ activity economy demand increase wages .

Second problem on usually apply if economy Already approach level unemployment power Work full . In other words inside a highly developed economy , a problem inflation is very tight relation with level use power Work (Sukirno, 2004:15) . Happening inflation no that problem too means apablia circumstances the accompanied by availability required commodity _ in a manner Enough as well as offset with rise level more income _ big from level inflation the . However , if _ cost production For produce commodity the more tall For make price selling relatively high while on the other side of the level income public relatively fixed , then then inflation This become something scary . _ If condition the happen so Power buy public will decreased , so public No own desire For invest funds. Things that can done For overcome exists inflation in activity Industry Banking , Central Bank can do action like reduce money supply and raise ethnic group flower(Sukirno, 2004:34) . Kohar et al (2018) explain that ethnic group flower is profits earned by investors over invested investment _ Where every investor always expect level more profit _ big . Tribal level flower reference set by Bank Indonesia since the year 2017

is use instrument BI Exchange rate or mark swap is price / value the currency of a country compared with another country's currency . Change exchange rate can influence competitive something something company , revenue and expenses operational company Then influence mark something company(Ilmi, 2017) . Sensitivity mark swap can be measured use exchange rate middle with formula as following (Kohar et al., 2018) .

RELATIONSHIP BETWEEN VARIABLES THE EFFECT OF CAPITAL ON LIQUIDITY

CAR or KPMM is indicator in evaluate bank's ability to pay loss consequence from activity its operational . Research results show exists significant influence _ CAR variable to Liquidity (LDR) p This because if the bank can increase ratio capital then the bank can overcome risks that arises in financing in activity its operational . Bank capabilities in overcome risk the cause bank liquidity will awake with ok . Research conducted by Fadillah& Aji (2018) prove that CAR is not influential significant to bank liquidity . Nguyen & Vo (2021) also proves this that ratio no bank capital influential to bank liquidity . Morina & Qarri (2021) prove that CAR has an effect significant to bank liquidity.

H 1 : Capital influential to liquidity of Non Foreign Exchange National Private Commercial Banks .

THE EFFECT OF EARNING ASSETS QUALITY ON LIQUIDITY

Productive assets is investment in bank funds form credit , letter valuable or form other with objective For obtain profit . Quality assets productive describe reject measuring For evaluate level refund already _ invested in the bank form assets productive . The more Good quality assets productive , then the more little assets _ troubled bank so increasing bank liquidity increase . Results of research conducted by Fadillah&Aji (2018) prove that NPL has an effect significant to bank liquidity . Morina & Qarri (2021) also proves this that quality asset measured productivity _ with an influential NPL positive significant to bank liquidity .

H 2 : Quality asset productive influential to liquidity of Non Foreign Exchange National Private Commercial Banks .

THE EFFECT OF CAPITAL ON PROFITABILITY

one _ indicator capital is CAR or CAR ratio . The more tall CAR ratio or KPMM then the more bank capital is also strong . Banks that own strong capital



structure will capable to cover happening risk on the bank so can increase bank profits and bank profitability also increased . All banks in Indonesia are required For provide a minimum capital of 8% (eight percent) is appropriate with rule from OJK. Results of research conducted by Angraini& Prastiwi (2020) prove that ratio capital influential positive significant to bank profitability .

H 3 : Capital Influential To Profitability of Non Foreign Exchange National Private Commercial Banks .

THE EFFECT OF PRODUCTIVE ASSETS QUALITY ON PROFITABILITY

The more small asset productive bank problems then the more Good quality asset productive owned by the bank. If linked with credit , small credit problem means happen decline experienced debtor _ delay payment credit . this _ show that own ability management asset productive enough _ well and shown with exists principle good bank prudence . Quality asset increasingly productive _ Good will can produce more profit _ tall so that bank profitability will be the more increase .

According to Dendawijaya (2009:118) , said the more of a bank's ROA , then the more great level _ profits that the bank achieves from facet use of assets. Assets productive is assets owned by the bank used For obtain income / profitability something company , one assets productive among them is credit . Research conducted by Angraini& Prastiwi (2020) prove that quality asset No influential significant to bank profitability .

H 4 : Quality asset productive influential to profitability of Non Foreign Exchange National Private Commercial Banks .

THE EFFECT OF LIQUIDITY ON PROFITABILITY

Ratio liquidity is reflecting ratio _ ability company For pay immediate obligations _ must fulfilled . Obligations that must fulfilled the is debt period short . According to (Harahap, 2013:201) ratio liquidity is describing ratio _ ability company For finish obligation period in short . Ratios This can counted through source information regarding working capital namely asset accounts current and current liabilities . Whereas according to (Fahmi, 2011:59) , ratio liquidity is ability something company fulfil obligation period in short in a manner appropriate time . The more Good the ability of the bank to fulfill obligation period short shown _ with increasing LDR ratio and LCR ratio indicate that banks will can produce produce income flower with more improvement _ tall

compared to with enhancement burden flower , so bank profits increased and bank profitability also increased .

H 5 : Liquidity influential to profitability of Non Foreign Exchange National Private Commercial Banks .

THE EFFECT OF MACROECONOMIC ON PROFITABILITY

Growth economy (GDP) of a country closely relation with prosperity and prosperity that can be felt by the citizens of the country . Measured level of income with GDP will be influence pattern saving from someone , even more large GDP then bank profitability will also be increase . Research resultsIrsyad et al (2019) , Rizal & Humaidi (2019)prove that GDP matters significant to bank profitability .

Exchange rate foreign currency _ be one _ factor profitability banking Because in its activities , the bank provides service sell buy foreign currency . With exists change mark swap foreign currency the bank acquires income form difference rate . Low rupiah exchange rate can weaken intention public For invest in the capital market. so , value swap will foreign currency _ become bank attention because matter the capable influence bank profitability . Sasmita et al (2018)prove that mark swap influential negative significant to bank profitability . Derekoy & Kurt (2020) prove that mark swap No influential significant to profitability .

When see from corner Inflation investor's point of view cause decline mark currency or _ increase influencing price _ consumption society . With condition like these investors do not Want to For invest in the sector real , though generally funds for investment part big bank funded . this _ got the bank in trouble distribute funds as well bear cost from existing capital . Rising inflation _ will cause mark real savings slumped Because public will use his treasure For sufficient cost expenditure consequence rise prices goods , so will influence bank profitability (Sukirno, 2004) . A number of study has show proof exists connection between inflation with profitability . Research resultsIrsyad et al (2019) prove that inflation influential significant to bank profitability . Sasmita (2018) prove that inflation influential positive No significant to bank profitability . Rizal & Humaidi (2019)prove results different that inflation No influential significant to bank profitability .

H 6 : Macroeconomics influential to profitability of Non Foreign Exchange National Private Commercial Banks .



III. RESEARCH METHODOLOGY

Research type This is study causality , that is For know pattern quality assets productive , profitability , capital and liquidity . So that We can know model structure to the four latent variables and can as reference For see fluctuation liquidity and profitability of Non Foreign Exchange National Private Commercial Banks and look at each of the most capable indicators contribute to each the latent variable being measured . Population study This is all public banks conventionally registered at Bank Indonesia . Research sample taken with use purposive sampling method namely taking sample study with use criteria certain . The criteria used _ For determine sample study This are (1) Non Foreign Exchange National Private Commercial Banks that present report finance in a manner complete period _ research in 2015 to _ by 2021, (2) Non Foreign Exchange National Private Commercial Banks that obtain profit in a manner Keep going continuously during period research . Research data sources This is secondary data source form report finance earned yearly _ from the website of Bank Indonesia, the OJK website and the website of each Non Foreign Exchange National Private Commercial Bank . Whereas technique data collection is carried out with technique documentation . The variables in this study consist of endogenous variables (liquidity), exogenous variables (capital and earning asset quality) and intervening variables (profitability). The method of analysis in this study using the *Partial Least Square* (PLS) method was carried out with evaluate *outer model* and *inner model* . Outer model in research This using confirmatory factor analysis Because construct characteristic reflexive , the size of the outer model in research This use more loading factor values from 0.4 with AVE value > 0.5, value *Cronbach's alpha* and *Composite reliability* is better from 0.6. Inner model on research This used For see

connection between the next latent variable can answer hypothesis research , the size used in the inner model with p value (significance test between latent variable). Connection between latent variables are said to have an effect significant If mark pvalue not enough from 0.05.

IV. ANALYSIS AND DISCUSSION

Study This including in study causal , because researcher will test associated hypothesis _ with connection because result . Study This is study quantitative with using secondary data . Secondary data in study This form report finance as well as report year taken _ from the Indonesian Stock Exchange . Deep data collection methods study This done with method method documentation with method learn notes _ _ required company _ in the company's annual report that becomes sample research .

Population in study This is company non-food and beverage manufacturing sub- sector listed on the Indonesia Stock Exchange . Period used _ in study This covers period time four year namely in 2015 – 2021. The research sample used researcher use purposive sampling method , ie with gather sample based on criteria that have determined by the researcher . The criteria used _ _ in election sample are non-food and beverage sub- sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2015 – 2021 and non-food and beverage sub- sector companies that provide report data finance during period research 2015 – 2021.

DESCRIPTIVE ANALYSIS

Analysis descriptive aim For give something description from variables used _ in study This consists of the endogenous variables ie profitability , the intervening variable consists from capital and liquidity whereas variable exogenous namely , quality assets productive .

Table 1. Analysis Descriptive

Indicator	N	Minimum	maximum	mean	std. deviation
CAR	196	0.1095	2.0157	0.3204	0.2410
NPLs	196	0.0007	0.1673	0.0295	0.0228
APB	196	0.0017	0.1493	0.0247	0.0203
GDP	196	-0.0532	0.0707	0.0384	0.0291
EXCHANGE RATE	196	12857,3300	14754,3300	13936,2382	558.0917
INFLATION	196	0.0143	0.0709	0.0336	0.0152
ROA	196	-0.1371	0.0535	0.0157	0.0210
ROE	196	-0.8002	6.8100	0.0905	0.4953



NIM	196	0.0282	0.1061	0.0562	0.0151
LDR	196	0.4803	2.4198	0.9590	0.2572

Source In Process

Table 1 informs that all ratio data non-foreign bank finance the 2015 – 2021 period is in nature homogeneous that is seen from mark the mean value of each ratio finance more big from std. deviation except ROA value , data is heterogeneous Because more mean value small from std value . deviation . Homogeneous data indicate possibility big No there is outlier data in it which means the data has almost diversity _ same .

OUTER MODEL ANALYSIS

Data analysis on research This use method structural equation model partial least square (SEM-PLS). The SEM – PLS method consists of 2 stages

namely , analysis of the outer model and the inner model. Outer model in study This use *confirmatory factor analysis* because indicators used _ For measure latent variable is reflective . CFA is used For test validity and reliability indicator to variable latent with 3 stages namely , convergent validity, discriminant validity and composite reliability. Convergent validity is met If factor loading value more from 0.4 with more AVE value from 0.5. Discriminant validity is fulfilled If cross loading value is met . Reability validity is fulfilled If composite reliability value > 0.6 or mark croncbach alpha > 0.6. . The results of the outer model are presented in the following table this :

Table 2. Outer Model Analysis

Variable	Capital	HOOD	M. Eco	profit	Liquid	AVE	CR
CAR	1,000	0.000	0.000	0.000	-0,000	1	1,000
NPLs	0.070	0.995	-0.020	-0.003	-0.062	0.990	0.995
APB	-0.070	0.995	0.020	0.003	0.062		
GDP	0.366	0.141	0.836	0.090	-0.269	0.560	0.823
INFLATION	-0.366	-0.141	0.836	-0.090	0.269		
ROA	-0.074	-0.082	0.011	0.753	0.339	0.575	0.728
ROE	0.428	0.167	-0.176	0.570	-1,093		
NIM	-0.258	-0.046	0.126	0.729	0.505		
LDR	-0,000	0.000	0.000	-0,000	1,000	1	1

Source . In though

Table 2 is results modification where is processing get early _ the AVE value of the macroeconomic variable is less from 0.5 up to done modification with issue an indicator with the smallest loading factor value that is , the rate . After removing the exchange rate indicator the AVE value increases from 0.478 to 0.56. Based on table 2, the analysis of the outer model, informs that the validity and reliability of each indicator on the latent variable is fulfilled, this is shown by all the factor loading values on each indicator that measures the latent variable more than 0.4 and the

respective factor loading value indicators that measure latent variables are higher than other latent variables and all composite variable values are higher than 0.7.

Inner model analysis in this study is used to see the relationship between latent variables (hypothesis testing). Inner model analysis in this study uses the t-test method with the criteria, if the p-value (significance) < 0.05 then the hypothesis is accepted. The results of the inner model analysis are as follows:

Table 3. Inner Model

Relations Between Variables	Path Coefficient	Pvalue	Information
KAP --> Capital	-0.273	<0.001	Influential
Capital --> Profitability	-0.051	0.238	No Effect
KAP --> Profitability	-0.211	0.001	Influential
M. Eco --> Profitability	0.120	0.044	Influential



Capital --> Liquidity	0.703	<0.001	Influential
KAP --> Liquidity	0.060	0.198	No Effect
M.Eco-->Liquidity	-0.155	0.013	Influential
Liquidity -->Profitability	0.510	<0.001	Influential

Source In Sports

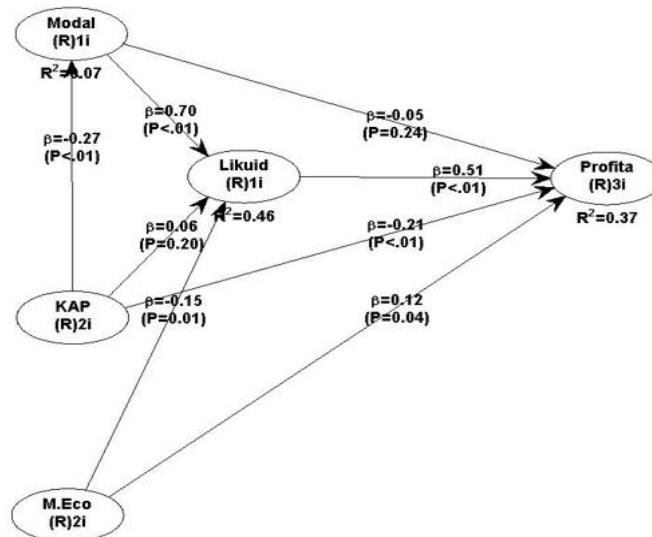


Figure 1. Structural Model

Figure 1 and Table 3 are informative that there are two relations between latent variables not significant that is effect of capital on profitability and KAP against liquidity, p This showed with more p-value (significance). from alpha = 0.05. Connection between significant latent variable that is, capital against liquidity, KAP to capital, KAP to profitability, liquidity to profitability, macro economy to liquidity and macroeconomics to profitability.

EFFECT OF CAPITAL ON LIQUIDITY

Research results show capital influential to liquidity with mark pvalue < 0.001 < alpha=0.05. one indicator capital is the Capital Adequacy Ratio (CAR). Capital Adequacy Ratio is indicator in evaluate bank's ability to pay loss consequence from activity its operational. Research results No can show exists significant influence CAR variable to Liquidity (FDR) which is where No can show if the bank can increase ratio capital then the bank can overcome risks that arises in financing in activity its operational. Bank capabilities in overcome risk the cause bank liquidity will awake with ok. A number of supporting research Capital influential to liquidity is Masruroh (2018), Muttaqin (2018) and Susilowati (2016).

THE INFLUENCE OF EARNING ASSETS QUALITY ON LIQUIDITY

Research results show that quality assets productive No influential to liquidity with mark pvalue = 0.198 > alpha=0.05. Assets productive is investment in bank funds form credit, letter valuable or form other with objective For obtain profit. Quality assets productive describe reject measuring For evaluate level refund already invested in the bank form assets productive. The more Good quality assets productive, then the more little assets troubled bank so increasing bank liquidity increase.

EFFECT OF CAPITAL ON PROFITABILITY

Research results show that capital No influential to profitability with mark pvalue 0.238 > alpha=0.05. one indicator capital is the Capital Adequacy Ratio (CAR). Capital Adequacy Ratio is showing ratio how much big amount whole containing bank assets risk follow financed from own capital beside obtain funds from source outside the bank. So that if the ratio of Capital Adequacy Ratio is increasing big so will the more Good the bank's performance. Capital Adequacy Ratio is also common called happy ratio capital adequacy, which means the required amount of own capital For close risk losses incurred from planting containing assets risk as well as finance



whole object fixed and investment bank. All banks in Indonesia are required For provide a minimum capital of 8% (eight percent) is appropriate with Bank Indonesia regulations .

THE INFLUENCE OF EARNING ASSETS QUALITY ON PROFITABILITY

Research results show that quality assets productive influential to profitability with mark pvalue $0.001 < \alpha=0.05$. In its operations , conventional banks give credit to borrower or debtor . In the credit that the bank will do contain risk credit like risk liquidity , risk credit , risk level flowers , and others. For can determine level risk such , the bank can see report his finances . For evaluate level health a bank then can seen from report finance with measurement level health bank . In doing evaluation on level the health of the bank, basically done with approach qualitative on various influential factor _ to conditions and developments a bank. As for according Dendawijaya (2009:155) Put forward For evaluate level bank health can done with factors main namely : capital factor , quality factor assets productive , management factor , profitability factor , liquidity factor . one _ indicator For measure level profit (profitability) of the bank facet use of assets is used analysis of Return On Assets (ROA), Return On Assetsn (ROA) is ratio that shows ability of invested capital in whole assets For produce profit or in other words for describe bank productivity . According to Dendawijaya (2009:118), said the more of a bank's ROA , then the more great level _ profits that the bank achieves from facet use of assets. Assets productive is assets owned by the bank used For obtain income / profitability something company , one assets productive among them is credit . Based on results study previously by Luthfihani , ChindyAnggraeni (2009) shows that Quality Assets Productive (KAP) effect positive to bank profitability . Meanwhile, Eman, Gabriela Mike Ineke (2013) shows that Quality Assets Productive (KAP) has significant influence _ to Profitability . And Dewi, Citra Sylvia (2012) shows that Quality Assets Productive (KAP) effect significant and positive to Bank profitability with level very low influence .

THE EFFECT OF LIQUIDITY ON PROFITABILITY

Research results show that liquidity influential to profitability with mark pvalue $< 0.001 < \alpha=0.05$. Ability company obtain profit in relationship with sales , total assets as well as own

capital . Profitability measure level change investment that has done by the company , either with using the total assets owned by the company the nor with using sourced funds from owner . profitability rate or usual _ called profitability is reject measuring bank performance , because profitability is one _ ratio financial showing _ results from a number big policies and decisions taken by management _ company . Ratio liquidity is reflecting ratio _ ability company for _ pay immediate obligations _ must fulfilled . Obligations that must fulfilled the is debt period short . According to Harahap (2013:301) ratio liquidity is describing ratio _ ability company For finish obligation period in short . Ratios This can counted through source information regarding working capital namely asset accounts current and current liabilities . Whereas according to Irham Fahmi 2011:59), ratio liquidity is ability something company fulfil obligation period in short in a manner appropriate time . The more Good the ability of the bank to fulfill obligation period in short indicates the bank own good performance _ so that the Bank is able produce level increasing profits _ GoodLiquidity influential to profitability

CONCLUSIONS, RECOMMENDATIONS AND LIMITATIONS

Research results show that all indicators work measure with Good variable latent with modification produce macroeconomic indicators i.e. Exchange. this _ show that criteria validity and reliability fulfilled . Research results show that accepted hypothesis _ namely , the effect of KAP on capital, KAP on Profitability , microeconomy to profitability , capital against liquidity , macro economy to liquidity and liquidity to profitability . Study furthermore can carried out on a larger sample big and use method more qualitative _ vary so that can see phenomenon with various corner view .

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