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Internal Factors Affecting Profitability With Loan Distribution As Intervening

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Abstract :

Positive Growth And Progress Of Banking Is Influenced By Macroeconomic Factors And Internal Performance Indicators. The Study Was Conducted To Measure The Influence Of Internal Performance Indicated By The Performance Of LAR, CAR, NPL, TPF, And Loan Interest Rates To ROA With Loan Distribution As An Intervening Variable. Data Analysis Techniques Used In This Study Include Descriptive Analysis And Statistical Analysis Using Multiple Regression Analysis Also Path Analysis To Measure The Effects Of Variable Intervening. The Results Indicate That The Independent Variables Used Have A Significant Influence On Loan Distribution. While The Loan Distribution Variable Itself Has A Significant Effect On ROA And Can Be Considered As An Intervening Variable That Connects The Variables LAR, CAR, And NPL To ROA.

Keywords: Banking, Internal Performance, Loan Distribution, Profitability, Intervening Variable

Introduction :

Indonesia's economic growth can be measured from several indicators which include economic growth, inflation of the consumer price index, balance of payments, exchange rates, Composite Stock Price Index (CSPI), yield on 10-year tenor SUN, Banking, and APBN. Healthy internal banking performance indicators and able to develop businesses will have an impact on a country's economic growth. Risk-based banking health is measured based on four factors (Financial Services Authority (OJK)'s Regulation No. 4 / POJK. 03/2016), namely Risk Profile, Good Corporate Governance, Rentability (Earning) and Capital (Capital). The internal banking performance indicators that need to be considered are the ability to maintain liquidity that can be measured through Liquid Asset Ratio (LAR), capital capability which can be measured by Capital Adequacy Ratio (CAR), loan risk or quality of productive assets which can be measured by Non Performing Loans (NPL) and the ability of profitability which can be measured by Return On Assets (ROA). In addition, one method to maintain and win market share is to use competitive interest rates as a trigger for increased loan distribution where the high interest rate expected to attract customers to save and with low interest will attract debtors to borrow.In a previous study conducted by Zatira (2016), the results showed that loan distribution had a role as an intervening variable or mediation in the relationship of variable NPL to profitability. Supiatno (2014) and Ditria (2008) concluded that loan interest rates had a negative effect on loan distribution. Pratiwi's research (2014) shows that CAR does not have an influence on loan distribution. According to Yuliana (2014), the variables LDR, CAR, ROA, and NPL have a significant effect on loan distribution. Edo (2014) revealed that deposits (Third Party Funds) and NPLs had an influence on ROA. The research results of Saputra (2014) show that deposits (Third Party Funds), loan distribution and Bad Debtss affect profitability. Dewi's research (2016) shows that there is an influence of independent variables on

profitability and loan quality weakens the effect of the level of loan distribution on profitability, but unable to moderate the influence of BOPO on profitability. Menicucci (2016) gives the study's results of Bank Size (Total Equity), CAP (Capital Ratio), LOAN (Loan Ratio), DEP (Deposit or Third Party Fund), Loan Loss Provision that have a significant influence on bank profitability in Europe. Nur's research (2018) shows that the NPL has a positive and significant influence on the BOPO ratio (Operational Income Operating Expenses) but not significantly on profitability while the CKPN ratio (Reserves for Impairment Losses) has a positive effect but not significant on BOPO but is significant for profitability. BOPO is able to become an intervening variable for NPLs on profitability. Many previous studies that gave different results made motivation for researchers to conduct this research. This research also includes aspects of liquidity that is not done by previous researchers, and the aspects of liquidity included are primary and secondary liquid assets in accordance with the provisions of risk-based health assessments.

The independent variables in this study include liquidity aspects with LAR parameters, capital aspects with CAR parameters, asset quality aspects with NPL parameters, third party fund collection aspects (TPF), and loan interest rates (SKBG). The intervening variable in this study is the level of loan distribution (Lending), while the dependent variable is profitability with parameters (ROA).

The liquidity ratio is measured by LAR parameters in accordance with Indonesian Financial Services Authority (Otoritas Jasa Keuangan/OJK) Regulation No. 14 / SEOJK. 03/2017 on March 17, 2017 which regulates the Rating of Commercial Bank Soundness with the formula:

$$\text{RAL} = \frac{\text{Liquid Assets Primary} + \text{Secondary}}{\text{Total Assets}} \text{X } 100\%$$

The liquidity ratio is used to determine the ability of banks to pay back the disbursement of depositors' funds at the time of collection and can fulfil the loan demands that have been submitted. The greater this ratio, the more liquid is said (Kasmir, 2012: 315).

The capital ratio is measured using the CAR parameter in accordance with Bank of Indonesia's Regulation No. 15/12 / PBI / 2013 pasal 2 where the bank is required to provide minimum capital according to the risk profile using the formula:

$$\text{CAR} = \frac{\text{Bank Capital}}{\text{ATMR}} \text{X } 100$$

Capital Adequacy Ratio is a ratio that aims to ensure that banks can absorb losses arising from activities they do. In this study, the CAR uses the initial position of the research year or December 31 of the previous year to measure the effect of capital on loan distribution and profitability of the current period.

Loan risk assessment has also been regulated in OJK's regulation No. 14 / SEOJK. 03/2017 March 17, 2017 with the formula:

$$\text{NPL} = \frac{\text{Bad Debts}}{\text{Total Loan}} \text{ X } 100\%$$

The high NPL shows the inability of banks in the assessment process to the disbursement of loan to debtors. With the high cost of capital, it will affect the acquisition of bank net income as a result of the cost of reserves (Latumaerissa, 2014: 164).

Third party funds are generally better known as public funds, which are funds collected by financial institutions originating from the community in a broad sense, including individual communities, as well as

business entities (Ismail, 2010). Sources of funds originating from third parties consist of: Savings Account (demand deposit), Savings (saving), and Deposit (time deposit). The formulas used for this study are:

$$\text{TPF} = \text{Ln}(\text{TPFn})$$

Third party funds are carried out by natural logarithms to maintain the distribution so that it is not too far because this research uses banking data from BUKU 1 to BUKU 4.

The interest rate is the price of the use of money expressed in percentage per unit time (Budiono, 2007). The formula used is:

$$\text{Loan Interest Rates} = \frac{\text{1 Year Total Interest Income}}{\text{Total Kredit distributed}} \text{ X } 100\%$$

Kasmir (2012) said that bank interest can be interpreted as reciprocal services provided by banks based on conventional principles to customers who buy or sell their products. The bank uses these public funds to spin into loans channeled to the community, so interest is a form of appreciation or reward from the bank to the community.

Loan distribution is a form of bank business that is carried out because the function of the bank itself is an intermediary institution that brings together the interests of excess funds (customers) with those who lack funds (debtors). In this study, the variable of loan distribution used is the growth rate of loan distribution using the formula:

$$\text{LENDING} = \text{Ln}(\text{LENDINGn})$$

The contribution of the banking sector itself in financing is still very dominant in the economy. According to API (2011), in 2010 the share of loan reached around 48 percent. Loan distribution is carried out by natural logarithms to maintain the distribution so that it is not too far because this study uses banking data from BUKU 1 to BUKU 4.

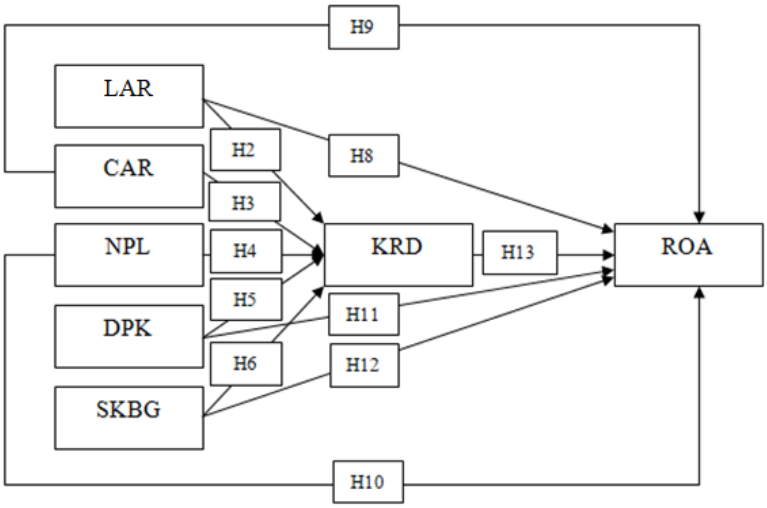
Profitability is a ratio used to assess a bank's ability to seek bank's profits in a given period. Profitability has a very important role for both the owner and other parties in the community (Kasmir, 2012: 354).

$$\text{ROA} = \frac{\text{Profit Before Tax}}{\text{Average of Total Assets}} \text{ X } 100\%$$

The greater the profitability ratio of the bank the better or the bank can be said to be healthy. Meanwhile, according to Bank Indonesia Return on Assets (ROA) is a comparison between pre-tax profit and the average total assets in a period.

Based on the description of the background, the objectives to be achieved in this study are (1) measuring the significant effect simultaneously of the quality of internal performance in this case LAR, CAR, NPL, TPF, and loan interest rates on loan distribution, (2) measuring the influence partially significant from the quality of internal performance in this case LAR, CAR, NPL, TPF, and loan interest rates on loan distribution, (3) measuring the significant effect simultaneously of the quality of internal performance in this case LAR, CAR, NPL, TPF, loan interest rates, and loan distribution to ROA, (4) measure the influence of a partially

significant from the quality of internal performance in this case LAR, CAR, NPL, TPF, loan interest rates, and loan distribution to ROA, and (5) measuring the significance of the role of loan distribution as intervening the influence of the quality of internal performance on ROA. The frameworks and hypotheses that can be developed are as follows:



Picture 1.The Framework

H1 : LAR, CAR, NPL, TPF, and loan interest rates influence simultaneously toward loan distribution.

H2 : LAR has a partial effect on loan distribution.

H3 : CAR has a partial effect on loan distribution.

H4 : NPL has a partial effect on loan distribution.

H5 : TPF have a partial effect on loan distribution.

H6 : Loan interest rates have a partial effect on loan distribution.

H7 : LAR, CAR, NPL, TPF, loan interest rates, and loan distribution have an effect on simultaneous ROA.

H8 : LAR has a partial effect on ROA.

H9 : CAR has a partial effect on ROA.

H10 : NPL has a partial effect on ROA.

H11: TPF has a partial effect on ROA.

H12: Loan interest rate has a partial effect on ROA.

H13 : Loan distribution has a partial effect on ROA.

H14 : Loan distribution has a significant role as an intervening variable influencing the quality of performance on ROA.

Research Methods :

Based on its objectives, this study is the Causal Study and uses multiple linear regression analysis methods that aim to explain the causal relationship or influence between independent and bound variables (SyofiyanSiregar, 2012: 37). Based on the type, this research is quantitative research where research will use a quantitative approach in processing the results of the analysis. Based on the research method, this study

includes an Observational Study where researchers use existing data or secondary data in the form of company financial statements that have been available on the Indonesia Stock Exchange. The period used is from 2012 to 2017. Judging from the time dimension, this study includes a joint research between Time Series and cross section, which examines several research objects in several time periods or pooling data (Uma Sekaran, 2009).

The population in this study is "Commercial Banks listed on the Indonesia Stock Exchange (IDX)" with the number of Commercial Banks in Indonesia as of December 2017 are 118 banks while those listed on the IDX are 43 Banks. In this study no analysis was carried out on all members of the population, but only for some bank members of the population. Sampling is based on purposive sampling technique, where the criteria used are Commercial Banks in Indonesia which are included in the top 5 assets in each segment of Commercial Banks based on Business Activities (BUKU) 1 to 4 which are calculated from 2017.

Table 1.Banking details that will be carried out research

No	Bank	Code	Total Asset (in Rp. Triliun)			
			2016	%	2017	%
Banks of BUKU 4 with common Equity (TIER 1) equal or more than Rp.30 T						
1	PT. Bank Rakyat Indonesia (Persero) Tbk	BBRI	1,003. 64	18. 79%	1,126. 25	19. 07%
2	PT. Bank Mandiri (Persero) Tbk	BMRI	1,038. 71	19. 44%	1,124. 70	19. 04%
3	PT. Bank Central Asia Tbk	BBCA	676. 74	12. 67%	750. 32	12. 70%
4	PT. Bank Negara Indonesia (Persero) Tbk	BBNI	603. 03	11. 29%	709. 03	12. 00%
5	PT. Bank CIMB Niaga Tbk	BNGA	241. 57	4. 52%	266. 31	4. 51%
Banks of Buku 3 with common Equity (TIER 1) in between of Rp. 5 T and less than Rp.30 T						
6	PT. Bank Tabungan Negara Tbk	BBTN	214. 16	4. 01%	261. 36	4. 43%
7	PT. Bank Pan Indonesia Tbk	PNBN	199. 18	3. 73%	213. 50	3. 61%
8	PT. Bank Danamon Indonesia Tbk	BDMN	174. 44	3. 27%	178. 26	3. 02%
9	PT. Bank Maybank Indonesia Tbk	BNII	166. 41	3. 12%	173. 25	2. 93%
10	PT. Bank OCBC NISP Tbk	NISP	138. 20	2. 59%	153. 80	2. 60%
Banks of Buku 2 with common Equity (TIER 1) in between of Rp. 1 T and less than Rp.5 T						
11	PT. Bank Sinar Mas Tbk	BSIM	31. 19	0. 58%	30. 40	0. 51%
12	PT. Bank Victoria International Tbk	BVIC	24. 63	0. 46%	27. 25	0. 46%
13	PT. Bank Woori Saudara Indonesia Tbk	SDRA	22. 63	0. 42%	27. 09	0. 46%

No	Bank	Code	Total Asset (in Rp. Triliun)			
			2016	%	2017	%
14	PT. Bank QNB Indonesia Tbk	BKSW	24. 37	0. 46%	24. 64	0. 42%
15	PT. Bank Rakyat Indonesia Agro Niaga Tbk	AGRO	11. 38	0. 21%	16. 32	0. 28%
Banks of Buku 1 with common Equity (TIER 1) less than Rp. 1 T						
16	PT. Bank Pembangunan Daerah Banten Tbk	BEKS	5. 25	0. 10%	7. 66	0. 13%
17	PT. Bank Yudha Bakti Tbk	BBYB	4. 34	0. 08%	5. 00	0. 08%
18	PT. Bank Agris (Bank Finconesia) Tbk	AGRS	4. 06	0. 08%	3. 60	0. 06%
19	PT. Bank Dinar Indonesia Tbk	DNAR	2. 31	0. 04%	2. 53	0. 04%
20	PT. Bank Harda International Tbk	BBHI	2. 06	0. 04%	2. 46	0. 04%

The data analysis technique used in this study includes descriptive analysis that is used to describe the results of research related to research variables (Syofian Siregar, 2012: 405) and statistical analysis used to prove the research hypothesis. Meanwhile, statistical analysis techniques used in data processing are multiple linear regression analysis, which aims to determine how much influence the variables LAR, CAR, NPL, TPF, and loan interest rates through loan distribution as intervening towards profitability in Commercial Banks in Indonesia. The test conducted is a simultaneous test (F Test) to show whether all the independent variables included in the model have a joint effect on the dependent variable (Imam Ghozali, 2012: 98). Another test is the statistical test t or partial test which shows the significance of the influence of one explanatory / independent variable partially in explaining the variation of the dependent variable (Imam Ghozali, 2012: 98). Path analysis or testing on intervening variables is done to find out and test the relationship between variables with linear models. According to Ghozali (2017), Path Analysis is the addition of levels from multiple linear regression analysis. The expected multiple linear regression equation formed in this study is as follows:

Model 1: $Z = \alpha + \beta_{xz1}X_1 + \beta_{zx2}X_2 + \beta_{zx3}X_3 + \beta_{zx4}X_4 + \beta_{zx5}X_5$

Model 2: $Y = \alpha + \beta_{yx1}X_1 + \beta_{yx2}X_2 + \beta_{yx3}X_3 + \beta_{yx4}X_4 + \beta_{yx5}X_5 + \beta_{yz}Z.$

Mediation or intervening hypothesis testing can be done in a way that has been developed by Sobel in 1982 or known as the Sobel Test. To test the intervening level of the Loan Distribution variable (Lending) are as follows:

The indirect effect X1 to Y through Z =β_{zx1} X β_{yz},

The indirect effect X2 to Y through Z =β_{zx2} X β_{yz},

The indirect effect X3 to Y through Z =β_{zx3} X β_{yz},

The indirect effect X4 to Y through Z =β_{zx4} X β_{yz},

The indirect effect X5 to Y through Z =β_{zx5} X β_{yz}.

Research Results And Discussion :

The analysis based on the 2012-2017 financial statements from 20 banks that were sampled with the independent variable is the aspect of liquidity measured by the Liquid Asset Ratio (LAR), the capital aspect is measured by the Capital Adequacy Ratio (CAR), asset quality aspects are measured by the ratio of Non-Performing Loans (NPL), third party funds that have been natural algorithmic, and loan interest rates. For the intervening variable is loan channeling which has a natural algorithm and the dependent variable is the level of profitability measured by Return on Assets (ROA). Table 2 shows descriptive statistics on each of these variables.

Table 2. Descriptive statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
RAL	120	10,01	39,45	21,05	5,08
CAR	120	8,02	61,07	18,79	7,67
NPL	120	,08	9,95	2,68	1,60
TPF	120	5,48	13,64	10,38	2,08
SKBG	120	2,19	52,26	13,55	5,30
LENDING	120	5,49	13,51	10,26	2,08
ROA	120	-9,72	4,46	1,37	1,88

Based on the financial statements for the 2012-2017 period from the 20 banks, data were obtained with an LAR average of 21.05% which indicates that the banking conditions were sufficiently liquid to meet third party funds withdrawals. For CAR with an average of 18.79%, it indicates that banks have good ability to absorb potential losses due to risks which, according to Bank Indonesia regulations, banks must maintain CAR below 8%. The NPL ratio is also at an average value of 2.68 which is considered quite good which is still below 5%. The average loan interest rate is at 13.55%, still above the JIBOR interest rate on December 30, 2017, which is 5.98528%. Whereas the ROA sampling is equal to 1.37% and is below the national average ROA of 2.45% in December 2017 according to the Indonesian Banking Statistics publication.

Table 3. Concurrent Test (F Test) for The Dependent Variable Lending

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	515,988	5	103,198	12395,54	,000[b]
Residual	0,949	114	0,008		
Total	516,937	119			
R Square	0,998				

Table 3 shows that all independent variables can influence 0.998 or 99.8% on changes in loan distribution with a significance level of 0,000. This indicates that the independent variables have a significant effect on loan distri

bution.

Table 4. Concurrent Test (F Test) for The Dependent Variable ROA

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	210,302	6	35,05	18,885	,000[b]
Residual	209,724	113	1,856		
Total	420,026	119			
R Square	0,501				

Table 4 shows that all independent variables can influence 0.501 or 50.1% on changes in profitability (ROA) with a significance level of 0,000. This indicates that the independent variables have a significant effect on profitability.

Partial tests are used to test hypotheses for independent influences on independent, intervening, and dependent variables. The t test will show the effect of LAR, CAR, NPL, TPF, SKBG on Lending (Table 5) and will show the effect of LAR, CAR, NPL, TPF, SKBG, KRD on ROA (Table 6).

Table 5. Partial Test (t Test) for The Dependent Variable Lending

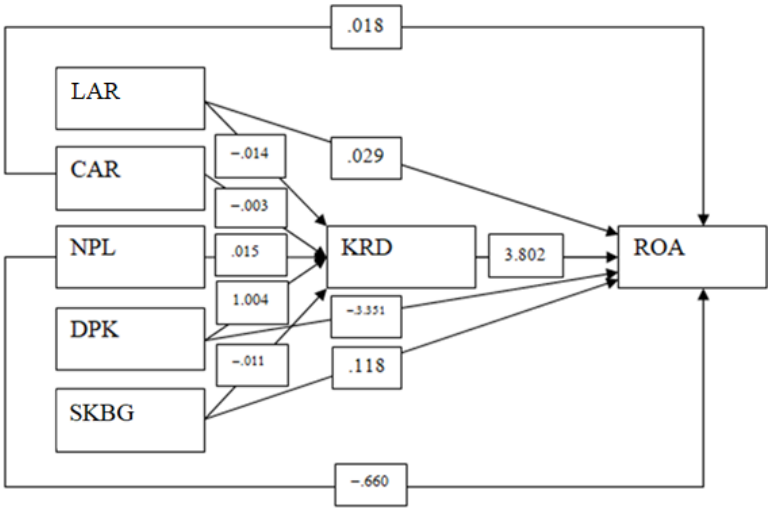
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0,288	0,081		3,542	0,001
RAL	-0,014	0,002	-0,035	-7,949	0
CAR	-0,003	0,001	-0,01	-2,004	0,047
NPL	0,015	0,007	0,011	2,101	0,038
TPF	1,004	0,005	1,002	216,423	0
SKBG	-0,011	0,002	-0,027	-5,549	0

From Table 5 obtained information that all independent variables have a significance value below 0.05 which defines all variables significant effect on loan distribution. The LAR has a negative effect on the Lending with the level of influence -0.014, CAR has a negative effect on the Lending with the level of influence -0.003, the NPL has a positive effect on the Lending with an influence level of 0.015, TPF has a positive effect on the Lending with the influence level of 1.004, and the SKBG has a negative effect on Lending with influence -0,011.

Table 6. Partial Test (t Test) for The Dependent Variable ROA

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-3,594	1,28		-2,807	0,006
RAL	0,029	0,033	0,078	0,863	0,39
CAR	0,018	0,02	0,072	0,881	0,38
NPL	-0,66	0,105	-0,563	-6,256	0
TPF	-3,351	1,406	-3,71	-2,384	0,019
SKBG	0,118	0,033	0,333	3,621	0
Lending	3,802	1,398	4,218	2,719	0,008

From Table 6 obtained information that only the LAR and the CAR that have a significance value above 0.05 which indicates that variable effect is not significant and have a positive influence on ROA. The other variables have a significant effect as NPL has a negative effect on ROA with the level of influence -0.66, TPF has a negative effect on ROA with the level of influence -3.351, SKBG has a positive effect on ROA with an effect of 0.118, and Lending has a positive effect of 3.802 on ROA.



Picture 2. Path Analysis Model

To test the Lending variable to be said to be an intervening variable, it can be done with the Sobel Test method so that it gets the results in Table 7.

Table 7. Intervening Variable Test Results (Loan Distribution / Lending)

Variables	Sig (0,05)		Effect (b)			t (sobel's test results)	T tabel	Note
	KRD	ROA	KRD	ROA	Indirect			
RAL	0,000	0,390	-0,014	0,029	-0,053	14,980830	3,092591	KRD as intervening variabel
CAR	0,047	0,380	-0,003	0,018	-0,011	70,974336	3,092591	KRD as intervening variabel
NPL	0,038	0,000	0,015	-0,660	0,057	26,621390	3,092591	KRD as intervening variabel
TPF	0,000	0,019	1,004	-3,351	3,817	0,000890	3,092591	KRD is not intervening variable
SKBG	0,000	0,008	-0,011	0,118	-0,042	1,608275	3,092591	KRD is not intervening variable
Lending		0,008		3,802				

Table 7 shows that the Lending can be determined as an intervening variable to moderate the LAR, CAR, NPL variables to increase profitability (ROA). The variable has the results of the sobel test 14.980830 for the LAR variable, 70.974336 in the CAR variable, 26.621390 for the NPL variable which has the value above t_{table} 3.092591. TPF and SKBG are more directly influential on ROA and Lending variables cannot be considered as intervening variables.

From the results of the testing above, it shows that Liquidity with LAR ratio, Capital with CAR ratio, Asset Quality with NPL ratio, Third Party Funds, and loan interest rates have a significant effect both simultaneously and partially for each variable on the level of loan distribution. This shows that simultaneously the level of loan distribution can consider internal quality aspects by issuing disclosure aspects or with GCG ratios. With a good level of liquidity, capital is maintained in anticipation of reserves of the three main banking risks (Loan Risk, Market Risk, and Operational Risk), asset quality that can be maintained, third party funds that support, and competitive interest rates will provide increase in good loan distribution.

Partially, LAR has a significant negative effect on the KRD where the smaller the LAR level will have an impact on the increase in loan distribution and vice versa. This is based on the fact that funds from capital deposits or third party funds can become LAR or loan distribution. For this reason, banks need to consider the aspect of liquidity in order to maintain loan distribution and banking operations are not disrupted. Whereas CAR has a significant influence with a negative value on the Lending where the smaller CAR in the previous year indicates a decrease in the level of capital compared to the interest given or the increase in

risk. In the following year, banks were able to implement several strategies such as increasing capital deposits in advance to enlarge CAR ratios, improve asset quality, or increase the number of loan distribution portfolios so as to reduce risk-weighted asset ratios. In the NPL variable has a positive and significant effect on loan distribution where considering the quality of assets will facilitate banks in conducting loan distribution. Banks will know the business sector, the loan distribution segment, the regions, and others that are still healthy and will be able to do loan distribution to the business, segment, regional and other sectors that are considered healthy as long as the NPL value is still within the limits. So that banks will be able to maintain the quality of their assets under the applicable provisions. The TPF variable has a positive significant effect on loan distribution where the increase in third party funds will make it easier for banks to increase their loan distribution. Loan distribution is still the mainstay of Indonesia to get profits. Interest Rate or SKBG variable has a negative significant influence on loan distribution. Competitive interest rates are one of the factors in the success of banks in lending. The smaller the interest rate will increase loan distribution and will provide an opportunity for banks to collaborate with potential debtors and hopes to reduce loan risk.

Liquidity variable with LAR ratio, capital with CAR ratio, asset quality with NPL ratio, third party funds, loan interest rates, and the level of loan distribution have a simultaneous significant effect for each variable on profitability in this case ROA with r2 value of 50, 1%. This shows that some variables require moderating variables to influence ROA such as LAR and CAR. Whereas NPL, TPF and SKBG can directly influence ROA.

While partially towards independent variables and intervening towards ROA. As for the LAR variable has a positive effect but is not significant to ROA. So that it requires loan distribution as an intervening variable to influence the level of bank profitability. With LAR decreasing it will increase loan distribution which will generate interest income or profit sharing so that it will affect ROA. For capital ratios, CAR has a positive but not significant effect on ROA and requires moderation from loan distribution to generate profitability where the smaller the CAR will reduce income because there are indications of an increased risk. So that in order to more influence the level of profitability, it is necessary to have loan distribution which will later generate interest income or profit sharing. For NPL, it has a significant effect and is negative to profitability, where in the event of a failure of payment from the debtor, it will have a significant effect on the cost of reserve losses which will erode net income or have a direct effect on decreasing ROA. In addition, NPL also requires loan distribution as a moderation to have more influence on ROA because poor loan distribution and not considering NPL control will have a negative impact on ROA. TPF has a significant negative effect on ROA but do not require loan distribution as moderation indicates that TPF has a direct effect on ROA. The level of development of TPF is very important because it is directly related to interest expense or profit sharing which will directly burden net income. So that banks need to make a strategy to get low-cost funds collected from the public in the form of CASA (Current Account and Savings Account) or Giro and deposits. While the interest rate on loans also has a positive direct significant effect on ROA without requiring loan distribution as intervening because with the increase in own interest income it will directly increase banking profits as long as it is able to keep expenses and costs under control.

Loan distribution itself has a positive and significant influence on ROA because the bank's own function is an intermediary from the owner of the fund and the party who needs funds that can be used for business, investment and consumption. Loan distribution itself can be an intervening variable for liquidity represented by LAR ratio, capital with CAR ratio and asset quality with NPL ratio.

Conclusions And Recommendations :

Based on the research that has been done, it can be concluded that some hypotheses can be accepted and some must be rejected. The details : (1) Liquid Asset Ratio (LAR), Capital Adequacy Ratio (CAR), Non-performing Loan (NPL), Third Party Fund (TPF), and Loan Interest Rate (SKBG) has a significant effect both simultaneously on the level of loan distribution (Lending) with a value of r2 99.8%; (2) Liquid Asset Ratio (LAR) has a significant negative effect on the level of loan distribution (Lending); (3) Capital Adequacy Ratio (CAR) has a significant influence with a negative value on the level of loan distribution (Lending); (4) Non-performing Loan (NPL) has a positive and significant effect on loan distribution (Lending); (5) Third Party Fund (TPF) has a positive significant influence on loan distribution (Lending); (6) Interest Rate (SKBG) has a negative significant influence on loan distribution (Lending); (7) Liquid Asset Ratio (LAR), Capital Adequacy Ratio (CAR), Non-performing Loan (NPL), Third Party Fund (DPK), Loan interest rates (SKBG), and loan distribution rates (Lending) have a significant simultaneous influence to each variable is Return on Assets (ROA) with r2 value of 50.1%; (8) Liquid Asset Ratio (LAR) has a positive but not significant effect on Return On Assets (ROA); (9) Capital Adequacy Ratio (CAR) has a positive but not significant effect on Return On Assets (ROA); (10) Non-performing loan (NPL) has significant effect and are negative to Return On Assets (ROA); (11) Third Party Fund (DPK) has a significant negative effect on Return On Assets (ROA); (12) The Loan Interest Rate (SKBG) has a positive direct significant effect on Return On Assets (ROA); (13) the level of loan distribution (Lending) itself has a positive and significant influence on Return On Assets (ROA); (14) the level of loan distribution (Lending) can be an intervening variable for Liquid Asset Ratio (LAR), Capital Adequacy Ratio (CAR), and Non-performing Loan (NPL) to Return On Assets (ROA).

Based on this study, the next researcher can add ratios that are able to complement and influence a larger ROA simultaneously so that research will develop and become better. The next researcher can also add several variables from the macro aspects and from the management aspects of RBBR, namely GCG. From the results of this study it can be concluded, profitability can be maintained by prioritizing internal aspects in loan distribution so that loan distribution will be more careful with deeper risk mitigation which will lead to an increase in banking profit.

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