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THE EFFECT OF THIRD PARTY FUNDS, NON-PERFORMING FINANCING AND OPERATING EXPENSES OF OPERATING INCOME ON FINANCIAL PERFORMANCE
(Empirical Study of Sharia Commercial Banks for the Period 2016-2020)

Heranita1*, R. Mohd. Zamzami2
[1.2] Accounting Study Program, Universitas Pamulang, Kota Tangerang Selatan
Email: 1) wonderita99@gmail.com, [2)] rajazamzami@gmail.com

Abstract

This study intends to investigate the influence of Third Party Funds, Non-Performing Finance (NPF), and Operating Income (BOPO) on Financial Performance, as measured by Return On Assets (ROA). This study's population consists of Sharia Commercial Banks registered between 2016 and 2020 with the Financial Services Authority (OJK). This study drew samples from seven Islamic commercial banks using a method of purposive sampling. Obtained sample data as much as 35 data. The data utilized for this study are secondary data. This type of research is causal associative with a quantitative approach method. Multiple linear regression analysis with a 5% significance level is the technique employed. This research is processed using Eviews 12 software. The results show that (1) Third Party Funds have a significant effect on Financial Performance (2) Non-performing Financing Results have no effect on Financial Performance, (3) Operating Expenses Operating Income has a significant effect on Financial Performance. (4) Third Party Funds, Non-performing Financing, and BOPO have a joint influence on Financial Performance. In the coefficient of determination of the variable TPF, Non-performing Financing and BOPO have an influence of 72% on Financial Performance while 28% is influenced by other factors beyond this study.

Keywords: *Operating Expenses of Operating Income, Third Party Funds, Non-Performing Financing, Financial Performance*

1. INTRODUCTION

Banks are the driving force of the economy, and the banking industry plays a crucial part in fostering the economic growth of a nation, as the public uses banks for all transactions, whether for personal, business, or corporate needs. Islamic banks are financial institutions whose primary function is to channel and collect funds and provide other services in sharia-compliant payment traffic. Considering that the majority of people in Indonesia are Muslims, Islamic banks can support the needs of the Muslim community in conducting financial transactions without usury, which makes our hearts as Muslims feel safe and secure (Aguspriyani, 2021).

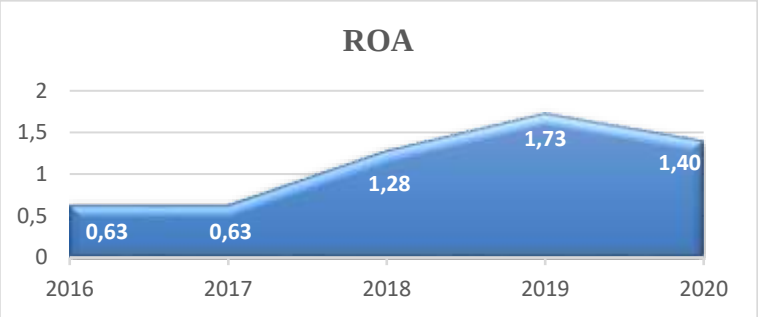
According to Ningsih and Mahfudz (2020), Islamic banks have a function as a financial intermediary institution, bringing together people who have and excess or surplus with people who need funds or deficits. In this case, Islamic banks are required to interact with many people. But at the end of December 2019, the whole world was shocked by the emergence of the Covid-19 virus. Where since the beginning of its appearance until now, the Covid-19 virus has not been able to be controlled properly, this is because this virus is

able to mutate in various environments, exposure to the Covid-19 virus is a threat as well as a challenge for banking institutions.

Various kinds of financial institutions that were present became a fierce competition between competitors. The development of this competitive advantage involves the importance of the company's financial performance. The performance of a company is the result that must be achieved from a series of processes at the expense of all the resources of the company. In order to achieve this goal, management with a high level of effectiveness is needed in the company. To find out how effective the company is, it can be seen from the amount of profit earned, the amount of profit obtained can be used as an illustration to assess the company's performance.

According to Sudiyatno et al., (2021), Profitability as an indicator in measuring performance, it is very important to know whether the bank as a financial institution that expects profit has been running its business correctly and efficiently.

Return on Assets (ROA) is one type of profitability ratio used to measure how much net profit a company gets from its assets.



Source: Financial Services Authority (2020) (Data processed)

Figure 1 ROA Ratio of Islamic Commercial Banks

Based on Figure 1, Return On Assets at Islamic Commercial Banks grew in 2018 by 1.28% from 0.63% in 2016 and 2017. Furthermore, in 2019 the ROA of Islamic Commercial Banks increased to 1.73% from the previous year. i.e. 1.28% then ROA decreased in 2020 to 1.40%.

One of the factors that can affect the profitability of a bank is Third Party Funds. Third party funds which are the largest funds owned by the bank and in accordance with the bank's function as a fundraiser. According to Astutiningsih and Baskara, (2019) Third party funds will be used by the bank to be managed and redistributed in the form of financing so that it can generate profits.



Source: Financial Services Authority (2020)

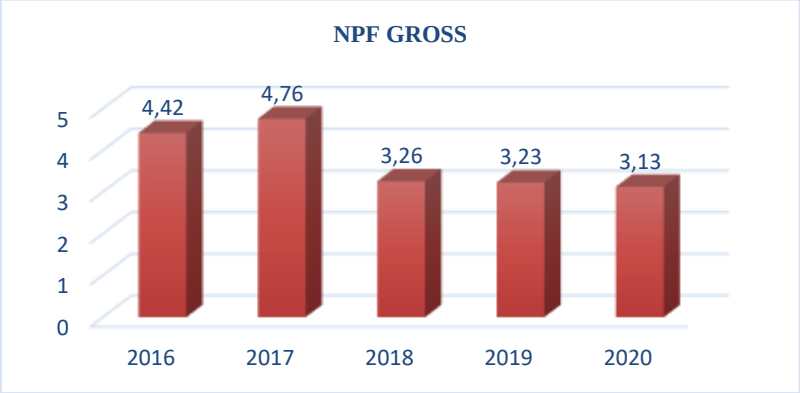
Figure 2 Asset Development, Distributed Financing (PYD), Sharia Banking Third Party Funds (TPF)

Based on Figure 2, Islamic banking which consists of 3 sub-sectors, namely Sharia Commercial Banks, Sharia Business Units and Sharia Financing Banks has experienced growth in assets, Third Party Funds (hereinafter referred to as TPF) and Distributed Financing (hereinafter referred to as PYD) every year.

Islamic Commercial Banks are the largest contributors in supporting Islamic finance with total assets of 397.07 IDR trillion, PYD of 246.53 IDR trillion and TPF of 322.85 IDR trillion while saving 37.14 percent and current account 15.71 percent. Furthermore, the sharia business unit helped increase the contribution, namely total assets of 196.88 IDR trillion, PYD of. 137.41 IDR trillion and TPF of 143.12 IDR trillion. Meanwhile, Islamic people's financing banks added contributions to Islamic finance including total assets of 14.95 IDR trillion, PYD of 10.68 IDR trillion and TPF of 9.82 IDR trillion.

There are a great number of issues that can arise in the banking industry, all of which can result in severe and unfair competition. This, in turn, leads to ineffective management of the productive assets that are owned by banks, as well as unequal distribution of financing, which ultimately leads to a reduction in the income that is made by banks. The appearance of problematic financing, which is now frequently the case in banking companies, is one of the elements that are contributing to the decrease in revenue.

Non-performing financing occurs because of bad financing or bad credit from the customer. The ratio of non-performing financing in Islamic banking is Non Performing Financing (NPF). An increase in the high NPF ratio indicates the quality of financing at the bank is increasingly unhealthy, this is because the NPF also affects the profit performance of the bank. In managing bank financing, it is very important considering that financing functions as the largest revenue contributor for Islamic banks. As a distributor of bank funds can not be separated from the risk of non-performing financing.



Source: Financial Services Authority (2020) (Data processed)
Figure 3 Gross NPF Ratio of Islamic Commercial Banks

The implementation of social distancing policies and the temporary suspension of economic activities had an impact on the high NPF ratio in March 2020 of 3.43%. In this case, the government issued a policy to minimize the impact of COVID-19 in the banking sector by issuing POJK No.11/POJK.03/2020. One of these policies regulates the restructuring of financing. Restructuring is not a write-off, but provides leeway to pay off debt payments. The loan still has to be paid but waivers are given based on an assessment and agreement with the Bank (Ningsih & Mahfudz, 2020). So that in 2020 the NPF ratio has decreased from the previous year, indicating the quality of Islamic bank financing is improving.

In increasing the profitability of a bank not only pay attention to TPF and NPF but also to pay attention to the Operational Cost of Operating Income (BOPO). Considering that in addition to obtaining income from operational activities, banks also have routine costs incurred. This cost is used to run and expedite the bank's operational activities, this must also be considered by the bank because the cost is greater than the income, meaning that the company's condition is not good or can be called a loss which will affect the achievement of profit.

In Indonesia, existing literature that discusses the relationship between third party funds on financial performance as proxied by return on assets was carried out by Mellaty and Kartawan (2021) shows the results that third party funds have a significant and positive effect on the profitability (ROA) of Islamic Commercial Banks. However, unlike the results of research conducted by Astutiningsih and Baskara (2019), Sihombing and Yahya (2016) that discover the third party fund variable has no effect on ROA.

Furthermore, research that discusses the relationship between non-performing financing proxied by Non Performing Finance (NPF) on financial performance as proxied by return on assets (ROA). Research conducted by Muarif and Padli (2019) Non-performing financing variable (NPF) has a significant and negative effect on profitability. In contrast to the results of research conducted by Subekti and Wardana (2022) showed the results that the NPF variable had no significant effect on return on assets.

Finally, a study that discusses the relationship between Operating Expenses and Operating Income (BOPO) on financial performance as proxied by return on assets (ROA) was conducted by Moorcy et al., (2020) that BOPO has a significant and negative effect on

ROA. In contrast, Fachri and Mahfudz (2022) showed the results that the BOPO variable had no significant effect on ROA.This study aims to examine the effect of Third Party Funds, Non-Performing Finance (NPF) and Operating Income Operating Expenses (BOPO) on Financial Performance as proxied by Return On Assets (ROA).

2. THEORETICAL REVIEW

2.1. Signal Theory

According to Wolk et al in Putra and Kindangen, (2016) Signal theory shows the existence of information asymmetry between company management and parties interested in the information, as well as how companies should provide signals to users of financial statements. The signal in question is in the form of information about the activities that have been carried out by management in reducing the uncertainty of future prospects and other information stating that the condition of the company is better than other companies.

2.2. Financial performance

According to Dalimunthe and Nofryanti (2017) stated that the performance of a bank as a whole is a description of the achievements that have been achieved by the bank in its operational activities, which involve various aspects including financial aspects, marketing aspects, aspects of collecting and distributing funds, technology and information aspects, and human resources aspects.

According to Jufrizen and Fatin inAgustina, (2021) Return On Assets (ROA) is one of the profitability ratios in analyzing financial statements to see the company's financial performance process. In making investments, investors will consider as well as possible where they invest their capital to be invested.

2.3. Third-party funds

According to Hatiana and Pratiwi (2020) Third party funds are funds sourced from the public, the largest source of funds that banks rely on the most. Funds raised from the public (TPF) turned out to be the largest source of funds most relied upon by banks (can reach 80% -90% of all funds managed by banks).

2.4. Troubled Financing

According to Mutiah et al (2020) Non-performing financing is the distribution of funds carried out by Islamic banks where the implementation of customer financing payments occurs when financing is not smooth, the debtor's financing does not meet the promised requirements, and financing where the installment schedule is not right. So that it has a negative impact on both parties (customers and banks).

Meanwhile, Darsita (2020) highlight that Non Performance Financing (NPF) is a useful ratio to determine the ability of a bank to measure the risk of failure to return financing from debtors or financing that cannot be paid/billed.

2.5. Operating Expenses Operating Income

According to Zuniarti (2016) Efficiency of business management in banking institutions is very important. One of the successes of management is measured by the ability of bank

management to control operational costs against operating income, which is measured by using the ratio of operational costs to rational income, also defined as BOPO.

3. RESEARCH METHOD

This study uses associative research using quantitative research methods. According to Sugiyono in Susanti and Prasetya (2021) emphasize that associative research is research that aims to determine the relationship between two or more variables. With this research it will be possible to build a theory that serves to explain, predict and control a symptom. According to Jayusman and Shavab (2020), by using a quantitative approach because it uses numbers, starting from data collection, interpretation of the data, and the appearance of the results. This study uses secondary data, namely data obtained from other sources that already exist for research, while the secondary data in question is financial statements. taken from the official website of each Islamic commercial bank by taking annual data.

The population used in this study were Islamic Commercial Banks during 2016 to 2020, namely 14 banks. Based on the characteristics of the sampling, the sample companies in this study amounted to 7 companies from 14 banks. This study used a purposive sampling technique. This technique is to select a sample from a population based on certain considerations.

3.1. Operational Research Variables

Table 1 Operational Variables of the Research

Variable Definition	Measurement indicator	Source	Scale
Financial Performance as a proxy for Return On Assets (ROA) is a type of profitability ratio that is used to measure how much net profit a company gets from its assets. That is, this ROA is a ratio that aims to assess the performance of a company in obtaining overall profits.	$ROA = \frac{\text{Net Profit x 100\%}}{\text{Total Assets}}$	Maharany & Ni'mah (2021)	Ratio
Third Party Funds are funds entrusted by the public to banks through agreements for depositing funds in the form of demand deposits, savings, and deposits and or other equivalent forms.	TPF = Current Account+Savings+Deposit	Puspitarini and Utami, (2021)	Ratio
Non-performing financing as measured by the NPF is the ratio between the total non-performing financing which is of substandard, doubtful and loss quality divided by total loans.	$NPF = \frac{\text{Total Non-performing Financing x 100\%}}{\text{Total Financing}}$	Hernawati & Puspasari (2018)	Ratio
Operational Cost to Operating Income (BOPO), often called the efficiency ratio, is used to measure the ability of bank management to control operational costs against operating income.	$BOPO = \frac{\text{Total Operating Expenses x 100\% Total}}{\text{Operating Income}}$	Yulihapsari et al., (2017)	Ratio

3.2. Data analysis technique

The analysis technique used in this research is descriptive statistics, classical assumption test, multiple regression analysis, coefficient of determination test and hypothesis testing. According to Ghozali in Hidayat and Muliasari (2020), Descriptive Statistical Test aims to provide an overview or description of a data seen from the calculated average value (mean), standard deviation, maximum, and minimum.

The analytical method used in this study is the method of multiple regression analysis (multiple regressions). Meanwhile, Ghozali in Sihombing and Yahya (2016) highlight that regression analysis is an attempt to explain and evaluate the relationship between one or more independent variables on the dependent variable. The relationship between these variables is functional in the form of mathematics. The analytical model used in this study is multiple linear regression with the following equation:

$$\mathbf{Y = a + b1X1 + b2X2+ b3X3 + e}$$

Information:
Y = Financial Performance
b0 = Constant Number
b1,b2 = Regression coefficient
X1 = Third Party Fund
X2 = Troubled Financing
X3 = Operating Expenses Operating Income

3.3. Framework of Thinking

The framework of thinking in this research is Third Party Funds (TPF) (X1), Non-performing Financing (X2) and Operating Expenses on Operating Income (BOPO) (X3) as independent variables. and Financial Performance (Y) as the dependent variable. The following is an overview of the framework of thinking in this research.

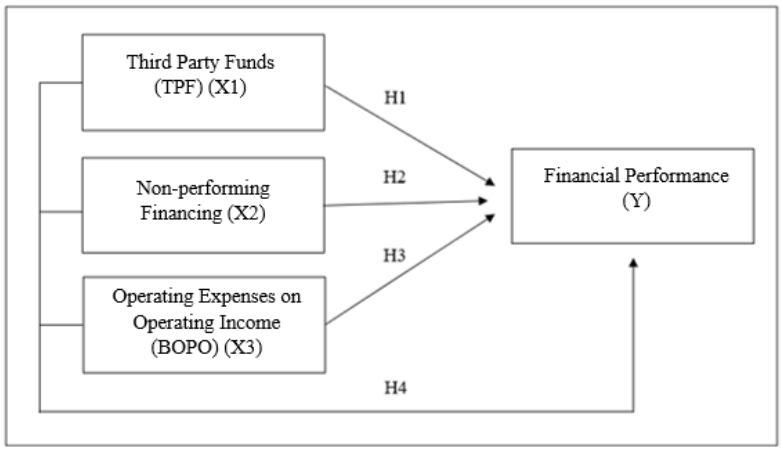


Figure 4 Framework of thinking

Information :
H1 : The Effect of Third Party Funds on Financial Performance
H2 : The Effect of Non-performing Financing on Financial Performance
H3 : The Effect of Third Party Funds on Financial Performance
H4 : The Effect of Third Party Funds, Non-performing Financing and Operating Expenses on Operating Income on Financial Performance

4. RESULT AND DISCUSSION

4.1. Research Result

4.1.1. Descriptive Statistics Test

Table 2 Descriptive Statistics Test Results

	ROA (Y)	DPK (X1)	NPF (X2)	BOPO (X3)
Mean	1.086857	27768778	2.488857	85.79886
Median	0.920000	18499068	2.150000	87.16000
Maximum	2.980000	1.13E+08	6.920000	96.73000
Minimum	0.170000	3842271.	0.070000	68.69000
Std. Dev.	0.634738	29276198	1.729782	6.630393
Skewness	0.910619	1.496735	0.920125	-0.309342
Kurtosis	3.507501	4.321460	3.330101	2.607966
Jarque-Bera	5.212758	15.61455	5.097589	0.782337
Probability	0.073801	0.000407	0.078176	0.676266
Sum	38.04000	9.72E+08	87.11000	3002.960
Sum Sq. Dev.	13.69835	2.91E+16	101.7330	1494.712
Observations	35	35	35	35

Source: Eviews 12 (data processed, 2022)

4.1.2. Classic Assumption Test

Table 3 Classic Assumption Test Results

Test	Results	Representation
Normality	Jerque-Berra value and probability greater than a = 5% or 0.05, namely 0.206240	Data is normally distributed
Multicollinearity	The correlation value between independent variables, namely TPF, NPF and BOPO, shows the results of no more than 0.90	The estimation regression model does not have a multicollinearity problem
Heteroscedasticity	this method is based on the value of Obs*R-Squared. The chi-square probability value of 0.5312 is greater than 0.05	There is no heteroscedasticity problem.

Autocorrelation	Based on the Breusch-Godfrey serial correlation LM test, the probability value of chi-square on obs*R-squared is more than 0.05, which is 0.01358	The model is free from autocorrelation problems.

Source: Eviews 12 (data processed, 2022)

4.1.3. Multiple Linear Regression Analysis

Table 4 Multiple Linear Regression ResultsRandom Effect Model

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	9.001617	0.869776	10.34935	0.0000
TPF (X1)	-6.64E-09	2.71E-09	-2.450817	0.0201
NPF (X2)	0.078263	0.043700	1.790905	0.0831
BOPO (X3)	-0.092370	0.010467	-8.824999	0.0000

Source: Eviews 12 (data processed, 2022)

From the calculation of multiple linear regression in table 4 so that the multiple regression equation can be formed as follows:

$$ROA = 9.001617 - 6.64E\text{-}09\ TPF + 0.078263\ NPF - 0.092370\ BOPO + e$$

The regression equation above can be represented as follows:

1. The constant value shows the result of 9.001617 meaning that if TPF (X1), NPF (X2), and BOPO (X3) value = 0 then ROA will constantly increase by 9.001617
2. The regression coefficient value of the TPF variable (X1) shows the result of -6.64E-09, meaning that if the TPF increases by 1%, the ROA will decrease 6.64E-09.
3. The regression coefficient value of the NPF variable (X2) shows a result of 0.078263, meaning that if the NPF increase is 1%, the ROA will increase by 0.078263.
4. The regression coefficient value of the ROA variable (X3) shows the result of -0.092370, meaning that if the ROA increases by 1%, the ROA will decrease by 0.092370.

4.1.4. Coefficient of Determination

Table 5 Coefficient of Determination Test Results

Weighted Statistics			
MSE Root	0.193612	R-squared	0.744805
Mean dependent var	0.422096	Adjusted R-squared	0.720108

Source: Eviews 12 (data processed, 2022)

From the results of the output of Eviews 12 in table 5 shows the adjusted R-squared value of 0.720108 or a percentage of 72%, meaning that the dependent variable, namely ROA is influenced by the independent variables, namely TPF, NPF and BOPO by 72%, while 28% influenced other factors outside the research model.

4.1.5. Hypothesis Testing

1) Partial Test

Table 6 Partial Test Results (t-test)

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	9.001617	0.869776	10.34935	0.0000
TPF (X1)	-6.64E-09	2.71E-09	-2.450817	0.0201
NPF (X2)	0.078263	0.043700	1.790905	0.0831
BOPO (X3)	-0.092370	0.010467	-8.824999	0.0000

Source: Eviews 12 (data processed, 2022)

Based on the table above, it can be represented as follows:

Testing the third party funds variable on the return on assets obtained a significance value of 0.0201 < a = 0.05. So, it can be concluded that the third party fund variable has a significant effect on Return on Assets (ROA). so in this study reject H0 and accept H1.

Meanwhile, Non Performing Finance (NPF) variable on return on assets obtained a significance value of 0.0831 > a = 0.05. Thus, it can be concluded that Non Performing Finance (NPF) has no effect on Return on Assets (ROA). so in this study reject H0 and accept H2.

Furthermore, Variable Operating Income Operating Expenses (BOPO) on Return on Assets obtained a significance value of 0.000 < a = 0.05. Hence, it can be concluded that Operating Income (BOPO) has a significant effect on Return on Assets (ROA), so in this study reject H0 and accept H3.

2) Simultaneous Test

Table 7 Simultaneous Test Results (F-test)

Weighted Statistics

Sum squared resid	1.312002	F-statistics	30.15853
Durbin-Watson stat	1.417163	Prob(F-statistic)	0.000000

Source: Eviews 12 (data processed, 2022)

Based on table 7 the results of F Statistics show a significance value of Prob (F-statistics) of 0.00000 <0.05 so that Ho is rejected and Ha is accepted, meaning that the independent variables are Third Party Funds, Non Performing Finance, Operating Expenses and Operating Income. jointly affect the dependent variable, namely Return On Assets in Islamic Commercial Banks.

4.2. Discussion

4.2.1. The Effect of Third Party Funds on Financial Performance

Partial test results show that third party funds have a negative and significant effect on financial performance as proxied by Return on Assets. Thus, H1 which states that it is suspected that third party funds have an influence on financial performance, then this statement is accepted. Based on the test results, it is known that the regression coefficient value of the TPF variable shows a negative direction, which is -6.64E-meaning that if the TPF increases by 1%, the ROA will decrease 6.64E-09.

The largest third party funds in Islamic commercial banks for the 2016-2020 period were for the first position, namely deposits, the second position was savings, and the third position was demand deposits. Based on the test results that third party funds have a negative effect due to an imbalance between fund collection and the distribution of existing funds. The amount of funds collected is not redistributed to the maximum. In this case, it means that there are idle funds while the profit sharing given to depositors continues, hence it can affect the profit generated, since the largest source of income for Islamic commercial banks is obtained from channeled financing.

The results of this study support research conducted by Mellaty and Kartawan (2021) shows that there is an influence of third party funds on Return On Assets. increasing the growth of TPF will have a very good impact in achieving the level of profitability. This is because with the increasing number of deposits that have been collected, Islamic banks will be more flexible in channeling them through productive financing that has the potential to generate profits.

4.2.2. The Effect of Non-performing Financing on Financial Performance

The partial test results show that non-performing finance proxies non-performing financing has no significant effect on financial performance as proxied by Return On Assets (ROA). Thus, H2 is rejected.

This shows that the size of the NPF will not affect the resulting ROA because the financing carried out by Islamic banking is not optimal and there are problems or obstacles in the distribution of financing. especially the existence of physical distancing and the enactment of social distancing policies as well as the temporary suspension of economic activities that have an impact on the high NPF ratio because the business sector is not running, so that the business sector that has loans from banks has difficulty in payment. In this case, Islamic banking is very careful in distributing financing. If this is allowed, it will affect the level of credit collectability. while the soundness of a bank is strongly influenced by the value of a bank's bad credit (Bidari & Nurviana, 2020).

There was a financing restructuring policy issued by the government, and the NPF ratio began to move down in May by 3.35%. And in September the NPF ratio reached its lowest point of 3.28%. Based on Figure 3, it shows that the movement of the NPF ratio of Islamic Commercial Banks from 2016 to 2020, shows the direction of the graph to decline. The decrease in the NPF ratio means that the level of financing problems faced by Islamic Commercial Banks is decreasing so that the financing quality of Islamic Commercial Banks is better than before.

The results of this study support the research conductedSubekti and Wardana, (2022). With the result that there is no significant effect on financial performance as proxied Return On Assets. Theystated that the size of the NPF will not affect the resulting ROA because the financing carried out by Islamic banking is not optimal and there are problems or obstacles in the distribution of financing to customers, so that the risk of non-performing financing in Islamic banks is still not too high so that it does not have an impact on ROA Sharia Commercial Banks.

4.2.3. The Effect of Operating Expenses on Operating Income on Financial Performance

Partial test results show that Operating Expenses Operating Income (BOPO) has a negative and significant effect on financial performance as proxied by Return On Assets (ROA). It can be interpreted that every increase in the BOPO value, the ROA value will be smaller or decrease. Thus, H3 which states that it is suspected that Operational Income Operating Expenses (BOPO) have an influence on financial performance

Based on the results of the BOPO variable has a coefficient of -0.092370 with a profitability value of 0.000. This shows that BOPO is statistically significant, so BOPO has an effect on Return On Assets (ROA). The minus coefficient on BOPO indicates that the greater the ratio of total operating costs to operating income, the lower the Return On Assets. This condition occurs because any increase in bank operating costs, which is not accompanied by an increase in bank operating income, will result in reduced profit before tax, which in turn will reduce Return On Assets.

The results of this study support research conducted by Moorcy et al (2020) Operating Expenses of Operating Income partially has a negative and significant effect. Research shows that increasing BOPO reflects the bank's lack of ability to reduce its operational costs which can cause losses because the bank is less efficient in managing its business, but otherwise it will describe bank efficiency. The value of the partial correlation coefficient with a minus sign indicates that the variable Operating Cost per Operating Income has a negative contribution to ROA.

4.2.4. The Effect of Third Party Funds (TPF), Non-performing Financing, and Operating Expenses of Operating Income on Financial Performance

Simultaneous test results for the independent variables of Third Party Funds (TPF), Non-Performing Financing (NPF) proxied, and Operating Expenses of Operating Income (BOPO), on Financial Performance as proxied Return On Assets (ROA) show that the value is significant 0.000. The significant value of the F test is smaller than the standard value of 5% ($\alpha = 0.05$), meaning that the TPF, NPF and BOPO variables have a significant simultaneous effect on ROA at Islamic Commercial Banks. So, it can be decided that the hypothesis Ha is accepted.

5. CONCLUSION

5.1. Conclusion

Based on the results of the research conducted, the following conclusions can be drawn:

1. Third Party Funds (TPF) variables have a significant effect on Financial Performance which is proxied by Return On Assets.
2. Non-Performing Finance (NPF) has no effect on Financial Performance as proxied by Return On Assets.
3. Variable Operating Expenses on Operating Income (BOPO) has a significant effect on Financial Performance which is proxied by Return On Assets.
4. There is a simultaneous effect of Third Party Funds (TPF), Non-Performing Finance (NPF) and Operating Income (BOPO) on Financial Performance as a proxy for Return On Assets.

5.2. Suggestion

Based on the findings and conclusion above, we suggest that:

1. Companies should pay more attention to the amount of third party funds, since the coefficient results show a negative sign, it means that the collected third party funds have not been distributed optimally because there are idle funds that have not been distributed, in this case it is not good for income.
2. Each Islamic commercial bank should further improve supervision of customers in order to reduce the occurrence of payment jams or misuse of funds that have been lent. So that the level of profit obtained becomes more optimal
3. Each Islamic commercial bank must pay more attention to operational costs so that they remain within reasonable limits. In this case the increase in costs must be offset by an increase in income. The coefficient value shows a negative direction, which means that an increase in BOPO will reduce Return On Assets.
4. For further researchers, it is better to examine with other variables outside of this variable in order to obtain more varied results that can describe what factors affect Financial Performance.

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