

The Effect of Bank's Internal Financial Ratio on Lending in Indonesia Conventional Commercial Banks: Book IV Category

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Keywords: Internal Financial Ratio, Lending, Book IV Category.

Abstract: The purpose of this study is to analyse the effects of Third-Party Funds (DPK), Capital Adequacy Ratio (CAR), Loan Deposit Ratio (LDR), Return on Asset (ROA), Non-Performing Loans (NPL) on Lending. The object of this research is an Indonesia conventional commercial bank (book IV category) for the period 2012 – 2019. The sampling technique uses a purposive sampling method with a sample size of 5 banks, namely Bank Rakyat Indonesia (BRI), Bank Negara Indonesia (BNI), Bank Mandiri, Bank Central Asia (BCA), Bank CIMB Niaga. The number of research samples used was 40 samples. This study is using multiple regression analysis with T test and F test, Hypothesis testing methods used with IBM SPSS 26. The results showed that DPK, CAR and ROA partially had a positive effect on lending, while LDR and NPL partially had no positive effect on lending. DPK, CAR, LDR, ROA, NPL simultaneously effect on lending

1 INTRODUCTION

The business world in this era of globalization is increasingly competitive which results in rapid development of the marketing system. The marketing activities are carried out to accelerate the circulation of goods and services from producers to consumers so that they are effective. The growth of marketing activities into strategic business ideas that can produce sustainable satisfaction. The business activities are complex activities that require the role of banking in serving the community, where business activities include legal, economic and political activities.

Financial ratio analysis is used as a benchmark for calculating future profits and dividends, therefore financial ratios can be one of the bases for consideration in providing credit. Financial ratio analysis has a big role in providing information about the financial condition of company results in a certain period. In accordance with the explanation above, the formulation of the problem is determined, namely how is the impact of the bank's internal financial ratios on lending in conventional commercial banks in book category IV in Indonesia.

Based on the problem formulation that the researcher has described, the purpose of this study is to determine the magnitude of the influence of the

bank's internal financial ratios on lending. Specific objectives, namely to determine the influence of the ratio of Third-Party Funds, Loan to Deposit Ratio, Capital Adequacy Ratio, Non-Performing Loans and Return on Assets on lending in conventional commercial banks in the book category IV in Indonesia.

Based on the problems that occur in the background, the researcher discusses and limits this research to the level of financial ratios, namely, Third Party Fund, Loan to Deposit Ratio, Capital Adequacy Ratio, Non-Performing Loans, Return on Assets and lending in 2012-2019. Researchers chose the object of research on conventional commercial banks in book category IV, namely Bank BNI, Bank BRI, Bank Mandiri, Bank BCA, Bank CIMB Niaga.

2 LITERATURE REVIEW

Agency theory explains that the agency relationship is a cooperation contract where someone or more uses or employs other people who are tasked with running or operating company activities (Jensen and Meckling in (Pratiwi & Prajanto, 2020). Signal Theory according to (Sa'adah, 2018) this theory is to increase the value or value in a company through the reports that are presented and send signals in the

presented annual report. Positive accounting theory developed by Blaug in (Noviantari & Ratnadi, 2015) explains that this theory aims to describe a process regarding the understanding and knowledge of accounting science and the accounting policies used, where these policies are suitable for certain conditions in the coming period.

2.1 Previous Research

The research of (Pradana, 2019) examines the influence of core capital, Third Party Funds or DPK, Non-Performing Loan or NPL variables and interest rates on the level of lending at Regional Development Banks (BPD). The results of this study provide an illustration that core capital has a negative influence on lending at BPD. The DPK and NPL variables have a negative but not significant effect on the level of lending at the BPD. The interest rate variable has no effect on the level of lending. Simultaneously the variables of core capital, NPL, TPF and interest rates (rate) affect the level of lending (lending) in BPD.

The research of (Ristyasmoro, 2018) conducted a study on the impact of the CAR, NPL and DPK ratios on the ROA ratio through total credit at state-owned banks listed or listed on the Stock Exchange in 2010 to 2016. The independent variables determined were the ratio of CAR, NPL, DPK, ROA and the dependent variable is lending. The results obtained are the ratio of CAR and the NPL variable to the variable number of lending that have an effect. The ratio of TPF to the dependent variable of lending has a significant effect, while the effect of CAR, NPL and TPF indirectly on return on assets through the amount of credit disbursement has no effect.

According to (Hidayat, 2018), raised a research entitled the effect of financial ratios and macroeconomic variables on lending to the Indonesian banking sector. The independent variables are ROA, CAR, NPL, BOPO, DPK, People's Business Credit on the other hand the dependent variable is credit. From this research, it is found that the BOPO, CAR, NPL and Working Capital Loan Interest Rates have an effect on the credit variable. The variables of TPF, ROA, KUR Credit and inflation as well as gross domestic product (GDP) have a significant influence on credit.

The research of (Pratiwi & Prajanto, 2020) conducted is on external factors and internal factors as determinants of increasing commercial bank lending. CAR, TPF, ROA, Bank Indonesia Interest Rate (BI Rate) are used as independent variables, while lending is the dependent variable. The results obtained are that the ROA, BI Rate and Growth

variables affect lending, while the CAR and TPF ratios do not affect the credit increase.

According to (Siregar, 2016), research entitled the effect of TPF and CAR on the amount of credit financing in 2012 to 2014. The independent variables are TPF and CAR while the dependent variable is lending. Whereas DPK affects the amount of lending, CAR does not affect lending. Simultaneously, TPF and CAR affect lending for the 2012 - 2014 research period.

The results of (Amelia & Murtiasih, 2017), regarding the internal ratio to the amount of lending at QNB Bank stated that the DPK and LDR variables had a positive effect on the amount of credit disbursement. The NPL ratio has a negative and significant effect on the amount of lending. The CAR ratio has a positive and significant effect on the amount of credit disbursement. Simultaneously, the variables of DPK, LDR, NPL, and CAR have an effect on the variable of the amount of credit disbursement.

Research conducted by (Ismawanto, 2012), regarding internal banking ratios (DPK, NPL, CAR) to lending in state-owned banks states that Third Party Funds (DPK) partially affect the amount of lending, the ratio of Non-Performing Loans has no effect on the dependent variable, the CAR ratio partially affects the amount of credit disbursement. DPK, NPL, and CAR simultaneously affect the amount of lending to state-owned banks listed on the Indonesia Stock Exchange (IDX) for 2009 – 2018.

The research of (Ervina, 2019), raises the theme of DPK and CAR on the amount of credit, where the independent variables are DPK and CAR while the dependent variable is lending. Whereas TPF affects the amount of lending, the Capital Adequacy Ratio does not affect the amount of credit disbursement. Simultaneously, third party funds and CAR have a significant positive effect on the amount of credit financing in 2012 - 2014.

The research of (Arullia, 2017) was appointed with the title of the effect of the ratio of CAR, NPL, BOPO and NIM on profits with the intervening variable credit volume. The independent variables applied are CAR, NPL, BOPO, NIM on the other hand the dependent variable is the volume of credit. The results obtained are that the CAR and BOPO variables negatively affect the credit volume, while the NPL ratio does not affect the credit volume.

According to (Mangindaan, 2019), analysis the LDR ratio and the NPL ratio to the volume of credit at Regional Development Banks in Indonesia from 2013 to 2017. The independent variable in this study was the LDR, NPL ratio with the dependent variable

being credit volume. From this research, it was found that the LDR and NPL variables did not affect the credit volume variable. If taken together, the LDR and NPL variables do not significantly affect the credit volume.

The hypothesis used in this study:

H1: DPK has a positive and significant effect on lending

H2: CAR has a positive and significant effect on lending

H3: LDR has a negative and significant effect on lending

H4: ROA has a positive and significant effect on lending

H5: NPL has a negative and significant impact on lending

H6: DPK, CAR, LDR, ROA, NPL have a positive effect on lending

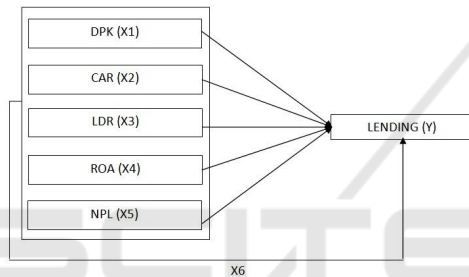


Figure 1: Conceptual Framework.

3 RESEARCH METHODS

3.1 Research Design

Researchers will use quantitative research to prove the existence of a cause-and effect relationship between the independent and dependent variables. The independent variable (X) is the bank's internal financial ratio, namely the ratio of DPK, CAR, LDR, ROA and NPL. While the dependent variable (Y) is lending.

3.2 Operational Definition of Variables

Third Party Funds (X1)

(Febrianto, 2013) third party funds are a source of banking funds collected from the public in the form of deposits or savings and other forms. Meanwhile, according to banking's law number 10 of 1998, third party funds can be formulated as follows:

Source: Febrianto (2013)

Capital Adequacy Ratio (CAR) (X2)

(Tenrilau, 2012) states that the CAR variable is the asset ratio that describes the bank's ability to prepare funds for business expansion and accept the risk of losses caused by banking operations.

$$CAR = \frac{\text{Own Capital}}{\text{ATMR}} \times 100\%$$

Source: Tenrilau (2012)

Loan to Deposit Ratio (LDR) (X3)

The Loan to Deposit Ratio (LDR) ratio reflects the level of banking capability in repaying funds that have been withdrawn and carried out by customers using extended credit as a source of bank liquidity.

$$LDR = \frac{\text{Total Credit}}{\text{Third Parties Fund}} \times 100\%$$

Source: Tenrilau (2012)

Return on Asset (ROA) (X4)

The higher the bank's ability to provide credit to customers, the higher the ROA ratio, which means that bank profits will increase.

$$ROA = \frac{\text{Earnings Before Tax (EBT)}}{\text{Total Assets}} \times 100\%$$

Source: (Meiranto, 2013)

Non-Performing Loan (NPL) (X5)

Non-performing loans (NPL) are a measure of a bank's ability to face the risk of default on debtors, (Tenrilau, 2012), on the other hand, the ratio of non-performing loans reflects credit risk, the smaller the non-performing loan, the smaller the credit risk born by the bank.

$$NPL = \frac{\text{Non-Performing Loan}}{\text{Total Credit}} \times 100\%$$

Source: Tenrilau (2012)

Dependent Variable (Y)

The dependent variable in this research study is lending. The amount of credit extended to debtors in a certain period or in one year period. According to (Herijanto, 2013) the legal basis for granting credit is a credit agreement between parties, banking action, regulation of the implementation of banking actions, jurisprudence, habits in banking practice and other Indonesian bank provisions.

$$\text{Third Party Funds} = \text{Deposit} + \text{Savings} + \text{Current Account}$$

Types and Sources of Data

The types of data used are ratio and nominal data. The ratio data used are CAR, LDR, ROA, NPL, while the nominal data is data on DPK and amount of credit. Data is obtained from banking annual reports for the period 2012 - 2019 as well as the annual reports of the Financial Services Authority (OJK).

Location and Research Objects

The object of this research is carried out in Indonesian conventional commercial banks. The research location will be taken from several conventional commercial banks in Indonesia with book category IV in Indonesia.

Technique for Determining the Number of Samples

The population determined in this research is conventional commercial banks. The sample used is conventional commercial banks that meet the research standards of book category four, namely Bank Rakyat Indonesia, Bank Nasional Indonesia, Bank Mandiri, Bank Central Asia, Bank CIMB Niaga.

Data Collection Techniques

This study uses secondary data taken from banking websites and OJK (Financial Services Authority). The data taken is the internal financial ratio data from the bank's annual report and OJK's annual report data.

Data Processing Techniques

The SPSS 26 program is used as an application for data processing techniques in this study. Before being distributed into SPSS as a whole. There are four steps that need to be done in data processing, namely grouping the variables to be entered into tables and data tabulation, data processing, by checking data and coding. In addition, Microsoft Office Excel 2013 is used as a program to input data, then the data that has been tabulated into Microsoft Office Excel will be processed using the SPSS 26 data processing tool.

3.3 Data Analysis Techniques

This research uses data analysis in the form of descriptive analysis and classical assumption test. Descriptive statistics can provide an outline or depiction of research data information that can be seen from the maximum, minimum and standard deviation values.

Classical Assumption Test

Before testing the predetermined hypothesis, it is first tested using the classical assumption test so that the research to be carried out is correct. (Khikmawati, 2015) revealed that *there are several ways to test classic assumptions, namely, Multicollinearity Test, Autocorrelation Test, Heteroscedasticity Test and Normality test*

Hypothesis Testing

In testing the research hypothesis, there are several hypothesis tests, namely, Multiple Linear Regression Test, T test, F test and Determination Coefficient Test (R²)

4 RESULTS AND DISCUSSION

4.1 Characteristics of Respondents

The research was conducted at conventional commercial banks in Indonesia, while conventional commercial banks with book IV criteria were used as samples. The sample of conventional commercial bank book IV used is Bank Rakyat Indonesia, Bank Negara Indonesia, Bank Mandiri, Bank Central Asia, Bank CIMB Niaga. The data period used is 2012 - 2019 (8 years).

Table 1: Descriptive Variable Statistics with LN DPK and LN Credit.

Variable	N	Min	Max	Mean	Std. Deviation
DPK	40	23.7	27.6	26,654	0.9522
CAR	40	14.9	23.8	18,913	2.7213
LDR	40	68.6	99.4	86,808	7,4292
ROA	40	1.0	5.3	3,238	0.9418
NPL	40	0.4	3.9	2,245	0.8753
Credit	40	18.76	20.56	19.7403	0.52581

According to the statistical results above, several analyses can be presented, namely;

- 1) The variable X1 (DPK) has a minimum value of 23.7 which is owned by Bank CIMB Niaga (2016) and a maximum value of 27.6 is owned by Bank Rakyat Indonesia (2019) with an average of 26.65 and a standard deviation of 0.95. The standard deviation which is less than the average indicates

that banks are able to manage liquidity and short-term debt well and the high amount of third-party funds received illustrates that the banking intermediation factor is getting better.

- 2) The variable X2, namely CAR has minimum value amounted to 14.9 owned by Bank Mandiri (2013) and maximum value amounted to 23.8 owned by Bank Central Asia (2019) with an average value of 18.91 and a standard deviation of 2.7. The higher the capital adequacy ratio, the more financial resources that can be used for business development purposes, and the potential losses caused by loans can be predicted, which means that the capital adequacy variable has a positive impact on borrowing.
- 3) The variable X3 is the LDR minimum value 68.6 by Bank Central Asia (2012) and maximum value 99.4 by Bank CIMB Niaga (2014) with an average value of 86.8 and a deviation of 7.4. The Loan to Deposit ratio indicates the level of the bank's capability to repay the funds that have been taken by the customer using the credit provided as the basis for the ability to pay the bank's short-term obligations.
- 4) Minimum value the ROA variable (X4) owned by Bank CIMB Niaga (2016) is 1.0 and maximum value in 2013 owned by Bank Rakyat Indonesia amounted to 5.3 and a standard deviation of 0.94. ROA in the implementation of credit allocation can be used to measure bank profitability, the higher the ROA ratio, the bank will get higher profits which will increase the bank's credit ability.
- 5) Minimum value NPL variable (X5), namely 0.4 owned by Bank Central Asia (2013) and maximum value amounting to 3.9 in Bank Mandiri (2017) with an average value of 2.24 and a standard deviation of 0.87. This non-performing loan ratio illustrates bank credit risk. If the NPL ratio is low, the credit risk received will automatically be smaller, if the NPL ratio is high, the credit risk received by the bank will be even greater.
- 6) Loans disbursed by conventional commercial banks book IV during the 2012 - 2019 period in the form of an average credit obtained were 19.7403 and a standard deviation of 0.52581.

4.2 Classic Assumption Test

Table 2: Multicollinearity Test Result.

Criteria	Tolerance	VIF
DPK	0.432	2,317
CAR	0.613	1,632
LDR	0.478	
ROA	0.447	
NPL	0.400	

From the multicollinearity test table above, it can be seen that the tolerance value of each independent variable is > 0.1 , and the VIF value of each variable is also < 10 , it can be determined that there are no symptoms of multicollinearity from the five variables.

Table 3: Auto Correlation Test Result.

Model	Durbin-Watson
1	1.968

The result of the calculation of the correlation test using the Durbin Watson test is 1.968, which is between -2 and +2, with the assumption that $k = 5$ and $N = 40$ ($Nk-1$): It can be concluded that this research does not have autocorrelation problems.

Heteroscedasticity Test Results

Based on testing with the Glesjer Test, it can be seen that the significance value is more than 0.05, meaning that the data of this study have no indication of experiencing heteroscedasticity symptoms.

Table 4: Heteroscedasticity Test Result.

Model	t	Sig
Constant	1,389	0.174
DPK	-1,229	0.228
CAR	-0,624	0.537
LDR	1,322	0.195
ROA	-3,175	0.003
NPL	-0.361	0.720

Based on the results of the normality test above using the Kolmogorov-Smirnov test, the test results show that the estimated value of the residual variable is very large, namely 0.200 or more significant than 0.05, which indicates that the data is normally distributed.

Table 5: Normality Test Result.

Model		Unstandardized Residual
N		40
Normal Parameters	Mean	0.0000000
	Std. Deviation	0.22786632
	Absolute	0.110
Most Extreme Differences	Positive	0.073
	Negative	-0.110
		0.110
Kolmogorov-Smirnov Z		0.200
Asymp. Sig. (2-tailed)		
Asymp. Sig. (2-tailed)		0.115

4.3 Hypothesis Testing

Table 6: Multiple Linear Regression Test.

Models	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Konstan	5.450	1.775		3.070	0.004
DPK	0.464	0.062	0.841	7.434	0.000
CAR	0.034	0.018	0.175	1.839	0.015
LDR	0.012	0.008	0.175	1.631	0.112
ROA	0.045	0.062	0.081	0.727	0.042
NPL	0.023	0.071	0.038	0.324	0.748

$$\text{Credit (Y)} = 5,450 + 0.464x_1 + 0.034x_2 + 0.012x_3 + 0.045x_4 + 0.023x_5 \quad (1)$$

From the results of the regression analysis above, it can be explained as follows:

- 1) The constant value with a positive number is 5.450. This means that if the value of the five independent variables (DPK, CAR, LDR, NPL, ROA) is fixed or zero, the credit value will be 5,450.
- 2) The regression coefficient for the DPK variable is 0.464. A positive coefficient value indicates that if the value of DPK increases by 1%, the credit value will increase by 0.464.
- 3) The regression coefficient for the positive CAR variable is 0.034. A positive coefficient value means that if the CAR value increases by 1%, the credit value will increase by 0.034.
- 4) The regression coefficient for the positive LDR variable is 0.012. A positive coefficient value

means that if the LDR value increases by 1%, the credit value will increase by 0.012.

- 5) The regression coefficient for the positive ROA variable is 0.045. The positive coefficient value means that if the value of the variable increases by 1%, credit will increase by 0.045.
- 6) The regression coefficient for the NPL variable is 0.023. A positive coefficient value indicates that if other independent variables are considered constant, then if the value of non-performing loans increases by 1%, then credit will increase by 0.023.

T test

This test is to determine the influence of each independent variable on the dependent variable. The degree of influence of the independent variable or the dependent variable can be used to clarify the variables that need it.

Table 7: T Test Result.

Model	t	Sig.
DPK	7,434	0.000
CAR	1,839	0.015
LDR	1,631	
ROA	0.727	
NPL	0.324	

Hypothesis testing 1 (X1) can be explained that the t-count is 7,434 with a significance of $0.000 < 0.005$. According to these results it can be determined that hypothesis 1 is accepted, where third party funds have a positive effect on lending. This means that the more DPK a bank has, the wider the banking sector will be to channel its loans.

Hypothesis testing 2 (X2) can be explained that the t-count is equal to 1,839 with a significance of $0.015 < 0.05$. According to these results it can be concluded that hypothesis 2 is accepted, where CAR has a positive effect on lending. A high CAR ratio value allows banks to have high capital so that the management of their earning assets is getting better.

Hypothesis testing 3 (X3) can be explained that the t-count is equal to 1.631 with a significance of $0.112 > 0.05$. According to these results it can be determined that hypothesis 3 is rejected, where the LDR ratio does not have a positive effect on lending. The LDR ratio is used to measure how much credit is extended by banks to the amount of DPK held. The greater the LDR ratio, the more credit is extended and the banking liquidity is getting smaller.

Hypothesis testing 4 (X4) can be seen that the t-count is 0,727 with a significance of $0.072 < 0.05$.

According to these results, it can be concluded that hypothesis 4 is accepted, in which the ROA ratio has a positive effect on lending. The higher the ROA ratio the banks have, the greater the level of profitability they have. It can be seen that banks are very effective in managing their productive assets in order to generate profits.

Hypothesis testing 5 (X5) can be seen that the t-count is 0.324 with a significance of $0.748 > 0.05$. According to these results it can be concluded that hypothesis 5 is rejected, where NPL does not have a positive effect on lending. According to Bank Indonesia, the maximum NPL value is at 5%, while statistical data from the NPL of all conventional commercial banks studied is at an average of 2.2%, which means good so that non-performing loans are classified as low, therefore NPL has no impact on credit. The positive direction of the results of this study means that the NPL ratio increases if the amount of credit also increases. The increase in the number of credit customers goes hand in hand with the number of non-performing loans (NPLs).

F test

Hypothesis testing is carried out using the F test to calculate whether the existing independent variables have a joint effect on the dependent variable. The following test results:

Table 8: F Test Result.

Model	Squares	df	Mean Square	F	Sig.
Regression	8.757	5	1.368	29.408	.017
Residual	2.025	34	0.258		
Total	10.782	39			

As can be seen from the F test table above, the F value is 29.408, with a significance of 0.017. Correspondingly, F counts more attention than F table, and the probability is 0.017 under 0.05. This shows that simultaneously or simultaneously the variables of DPK, LDR, NPL, and ROA affect lending.

Table 9: Determination Coefficient Test

Model	R	R Square	Adjusted R Square	Std. Error of the estimate
1	.901	.812	.785	0.24405

From the table above, it can be seen that the Adjusted R2 value is 0.785. This shows that 78.5% of credit is influenced by the five independent variables used (namely DPK, LDR, CAR, NPL, ROA). From this value, it can be seen that the Adjusted R2 value can be said to be relatively large, because other factors that affect loans outside of research are 21.5%.

4.4 Discussion

4.4.1 The Effect of TPF on Lending

Based on the test results, it can be seen that the regression coefficient value of the DPK variable (X1) is $0.000 < 0.05$, which means that DPK has a positive effect on lending, and the results of this study are supported by research by (Meiranto, 2013) (Siregar, 2016), (Hidayat, 2018), (Amelia & Murtiasih, 2017), (Ristyasmoro, 2018), (Ismawanto, 2012) suggest that third party funds have a positive and significant effect on credit. Third Party Funds owned by the bank are funds collected from the public which will be channeled back to the community in the form of credit. The more DPK a bank has, the wider the banking sector is to distribute its loans.

H1: TPF has a positive effect on lending, accepted.

4.4.2 The Effect of Capital Adequacy Ratio on Lending

Based on the test results, it can be seen that the regression coefficient value of the CAR variable is $0.015 < 0.05$, which illustrates that CAR has a positive effect on lending. The research results of (Meiranto, 2013), (Yuliana, 2014), (Amelia & Murtiasih, 2017), (Ristyasmoro, 2018), (Ismawanto, 2012), (Riadi, 2018) also prove this. The higher the capital adequacy ratio, the more financial resources available for business development purposes, including increasing lending. The CAR variable is used as a prediction of potential losses that may be caused by loans, which means that the CAR variable has a positive effect on loans.

H2: CAR has a positive effect on lending, accepted.

4.4.3 The Effect of LDR on Lending

Statistical testing can be explained LDR (X2) with LDR variable regression coefficient value of $0.112 > 0.05$ means that the variable has no effect on lending. The results of this study are supported by research results from (Meiranto, 2013), (E Ervina, 2019), (Mangindaan, 2019) which explain that LDR has no effect on credit. The LDR ratio indicates the level of the bank's capability to repay the funds that the customer has taken by using the credit provided as the basis for the bank's ability to pay short-term obligations.

H3: Loan to Deposit Ratio (LDR) has no positive effect on lending, rejected.

4.4.4 The Effect of ROA on Lending

Judging from the data processing, it can be seen that the level of significance obtained is $0.042 < 0.05$, so the decision taken is that H4 is accepted and ROA is proven to have a positive and significant impact on credit. These results are also supported by research by (Hidayat, 2018), (Pratiwi & Prajanto, 2020), that in distributing credit, the ROA ratio can be used to measure profits in banking. A high proportion of ROA shows that the higher the profit received by banks, so that the capacity of the bank to provide loans will be higher.

H4: Return on Assets has a positive effect on lending, accepted.

4.4.5 The Effect of Non-Performing Loans on Lending

The results of the hypothesis test show that the significance is $0.748 > 0.05$, so the decision taken is that H5 is rejected and the conclusion is that the NPL variable does not have an effect on lending. This is also supported by the results of research conducted by (Arullia, 2017), (Riadi, 2018), (Hidayat, 2018), (Amelia & Murtiasih, 2017), (Ristyasmoro, 2018), (E Ervina, 2019), (Mangindaan, 2019), (Pradana, 2019), (Ismawanto, 2012) which provides an explanation, namely that NPL does not affect lending. If the proportion of non-performing loans is low, the credit risk obtained is small, if the proportion of non-performing loans is high, the credit risk obtained by the bank will be even greater.

H5: NPL has no effect on lending, rejected.

4.4.6 The Effect of DPK, CAR, LDR, ROA, NPL on Lending

The results obtained are H6 with the results of DPK, CAR, LDR, ROA, NPL factors affecting credit. This shows that the five internal factors, especially DPK, CAR, LDR, ROA, NPL together affect credit. This is also supported by research by (Putri & Akmalia, 2016), (Amelia & Murtiasih, 2017), (Ismawanto, 2012), (Sari, 2018) on the grounds that all factors of DPK, CAR, LDR, ROA, NPL are interrelated internal financial components so that at the same time will affect credit.

H6: Third party funds, CAR, LDR, ROA, NPL affect lending, accepted.

Hypothesis	Description
H1: DPK has a positive influence and significant effect on lending	Accepted
H2: CAR has a positive influence and significant effect on lending	Accepted
H3: LDR has a negative influence and significant effect on lending	Rejected
H4: ROA has a positive influence and significant effect on lending	Accepted
H5: NPL has a negative influence and significant effect on lending	Rejected
H6: DPK, LDR, CAR, NPL, ROA together affect on lending	Accepted

Figure 2: Summary of Hypothesis Results.

5 CONCLUSIONS AND SUGGESTIONS

5.1 Conclusions

According in the discussion in the previous chapter, the researcher can conclude that third party funds in hypothesis (H1) is accepted to have a positive effect on lending. The results of hypothesis (H2) are accepted, namely the loan to deposit ratio variable does not have a positive effect on lending. The results on hypothesis (H3) are rejected, the capital adequacy ratio variable has a positive effect on lending. The hypothesis (H4) is accepted that the non-performing loan variable does not have a positive effect on lending. H5 rejected, the non-performing loan no have effect on lending. Simultaneously, all variable has effect on lending (H6).

5.2 Suggestions

Based on the results of the discussion, the conclusions and limitations that the researchers made, the suggestions for further research are; using research samples other than conventional commercial banks (Book IV) namely Indonesian Islamic banks, state-owned banks, conventional commercial banks listed on the Indonesia Stock Exchange, and may even use a sample of banks in the ASEAN region; using other independent variables such as BOPO and NIM (Net Interest Margin) and external ratios or macro factors, namely growth (economic growth), inflation, foreign exchange rates and dependent variables on credit card growth, working capital loans, interbank syndicated loans and UMKM credit.

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