

ANALYSIS NON-PERFORMING CREDIT OF RETURN ON ASSETS AT PT. BANK SULSELBAR PERIOD 2016-2022

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Abstract

The purpose of this study was to determine the effect of non-performing loans on profitability, where profitability is the main measure of the overall success of a company. The risk of non-performing loans can cause income or profits to decrease, causing economic growth to slow down. Therefore, it is very important to know the impact of non-performing loans on return on assets. This research is a type of quantitative research. data collection techniques used to collect data on financial reports for 84 months. This research belongs to comparative causal, which measures the strength of the relationship between two or more variables to show the direction of the relationship between the independent variable and the dependent variable. Data analysis in this study uses the ROA and NPL formulas. From the results of research and discussion Return on Assets (ROA) is one of the profitability ratios that can take into account the Bank's management ability to earn overall profits. From the results of the *t* test research shows that NPL affects return on assets. This can be proven by the results of the *t* test variable NPL (X) on ROA (Y) showing a significance level of $0.475 < 0.05$, it can be concluded that the NPL variable has no significant negative effect on ROA.

Keywords: Problem Loans and Return on Assets

INTRODUCTION

Banks are financial institutions whose main function is to attract funds from the public and collect them in the form of savings, the Bank then distributes these funds in the form of credit or loans to the public in order to improve the economy of its business. This business industry is an industry that has a lot of risks, because its activities always involve managing public money and rotate it in various forms. The biggest risk of failure that occurs in the banking industry is usually caused by non-performing loans. Non-performing loans describe a situation where the approval of credit returns is at risk of failure, even indicating that the Bank will suffer potential losses.

Bank Sulselbar is one example of a bank that faces the risk of non-performing loans. Based on the results of temporary observations, researchers saw indications of non-performing loans at Bank Sulselbar, the nominal non-performing loans showed that in 2016-2019 there had been a significant increase. For example, in 2016 non-performing loans amounted to Rp. 60,448, in 2017 it was Rp. 78,137, in 2018 Rp. 81,456. until the following year, namely 2019, it shows a fairly large non-performing loan value of Rp. 230,472. However, in 2020 it has decreased with a non-performing credit score of Rp. 132,145. and in 2021 the credit score will increase by Rp. 167,326, in 2022 the increase in non-performing loans will continue to increase by Rp. 260,960. This can be seen through the following table:

Table 1. Data on Troubled Credit at PT.Bank Sulselbar

Year	Total Non-Performing Loans (In Million Rupiah)
2016	60.448
2017	78.137
2018	81.456
2019	230.472
2020	132.145
2021	167.326
2022	260.960

Source:www.Banksulselbar.co.id, 2023

The increase in non-performing loans is a burden for Bank Sulsebar because it will affect profit acquisition and return on capital or important non-performing loan ratios in supporting Bank Sulsebar's activities.

METHOD

The variable studied in this study is non-performing loans as the independent variable (X). The variable is sought how it affects the return on assets (ROA) as the dependent variable or dependent variable (Y). Each of these variables operationally include:

1. Problem Credit

Non-performing credit is one of the ratios of the Bank's business risk, which results from uncertainty in the return or results from non-payment of credit extended by the Bank to the debtor. problem loans or non-performing loans (NPL) are the risks contained in every loan extended by the Bank.

2. Return on Assets (ROA)

Profitability on total assets (ROA), which is often called return on investment measures the overall effectiveness of management in generating profit with available assets. The higher the company's return on total assets the better.

Population and Sample

According to Sugiyono (2007: 81) "population is a generalization area consisting of objects or subjects that have certain quantities and characteristics set by researchers to study and then draw conclusions. So that the population in this study are substandard credit reports, bad credit reports, and doubtful credit reports at Bank Sulsebar with a total of 84 months of data (2016-2022). The sample data are substandard credit reports, bad credit reports, and doubtful credit reports at Bank Sulsebar with a total of 84 months selected from 2016-2022.

Data analysis technique

This research belongs to comparative causal, which measures the strength of the relationship between two or more variables to show the direction of the relationship between the independent variable and the dependent variable. The variables in this study are:

1. Return On Assets (ROA). ROA reflects the ability of bank management in how effective a bank is in managing its assets to generate a profit (Dietrich, et al., 2009). ROA can be calculated using the following formula:

$$ROA = \frac{Net\ Income}{Total\ Assets} \times 100\%$$

2. Non-performing loans (NPL) are caused by two factors, namely the banking side and customers who do not pay installments intentionally or unintentionally. According to Kasmir, (2012; 115) the NPL formula is as follows, dividing the amount of substandard, doubtful, and loss collectibility loans by the total loans disbursed, then multiplied by 100.

$$NPL = \frac{Non\ Performing\ Credit}{Total\ Credits\ Provided} \times 100\%$$

3. Simple Linear Regression Test

The regression test is used to estimate the value of a variable based on the value of other variables, both dependent and independent. The simple linear regression formula according to (Sugiyono, 2017) is as follows:

$$Y = a + bX + e$$

4. Partial Significance Test (T Test)

The t statistical test in this study aims to determine how far the ability of each independent variable influences the dependent variable (Ghozali, 2018). The criteria used in testing is a significance level of 5%. If the significance value is below 0.05, then there is an influence between the independent (independent) variable on the dependent (dependent) variable, meaning that it can be concluded that the hypothesis is accepted and if the significance value is above 0.05, then there is no influence between the independent (independent) variables on the dependent (dependent) variable, meaning that it can be concluded that the hypothesis is rejected.

RESULTS AND DISCUSSION

Bank BPD Sulselbar or better known as Bank Sulselbar is one of the banks that was established in 1961. The success of a bank's business depends, among other things, on its ability and effectiveness in managing credit and how to control the risks in granting credit. Every bank has definitely experienced problem loans where there are consumers who are negligent in carrying out their responsibilities to pay installments on time according to the agreed maturity at the time of signing the contract. Therefore, the Bank holds collections that are classified according to the delay period. Without such billing, this bank will be faced with the risk that one day the bank will suffer losses and even go bankrupt.

Non-performing loans experienced a significant increase every year. This can be seen through the following table:

Table 2. Data Analysis of Consumer Troubled Credit at PT. Sulselbar Bank

Year	Substandard Credit (In million rupiah)	Doubtful Credit (In million rupiah)	Bad credit (In million rupiah)	Total Non- Performing Loans (In million rupiah)
2016	3.474	5.937	51.037	60.448
2017	7.864	9.123	61.150	78.137
2018	8.447	9.180	63.829	81.456
2019	51.847	107.477	71.148	230.472
2020	5.938	31.148	95.059	132.145
2021	10.337	13.957	143.032	167.326
2022	20.758	38.402	201.800	260.960

Source : www.Banksulselbar.co.id. 2023

From the table, it can be seen that the total loans issued by the company in 2016-2019 experienced a significant increase. For example, in 2016 non-performing loans amounted to Rp. 60,448, in 2017 it was Rp. 78,137, in 2018 Rp. 81,456. until the following year, namely 2019, it shows a fairly large non-performing loan value of Rp. 230,472. However, in 2020 it has decreased with a non-performing credit score of Rp. 132,145. and in 2021 the credit score will increase by Rp. 167,326, in 2022 the increase in non-performing loans will continue to increase by Rp. 260,960.

Table 3. Total Credit Analysis Data Provided by PT. Sulselbar Bank

Year	Current Credit (In million rupiah)	Total Credit troubled (In million rupiah)	Total Credits Given (In million rupiah)
2016	11.798.090	60.448	11.878.918
2017	13.883.871	78.137	14.004.137
2018	15.803.760	81.456	15.971.680
2019	18.824.051	230.472	18.824.051
2020	19.451.050	132.145	19.953.527
2021	20.067.517	167.326	20.471.698
2022	20.774.227	260.960	21.281.178

Source : www.Banksulselbar.co.id . 2023

Based on the table above it can be seen that the total credit extended by PT. Bank Sulsel-Bar has increased every year which in 2016 amounted to Rp. 11,878,918, in 2017 amounting to Rp. 14,004,137, in 2018 Rp. 15,971,680, in 2019 Rp. 18,824,051, in 2020 Rp. 19,953,527, in 2021 Rp. 20,471,698 and 2022 of Rp. 21,281,178.

1. ROA at PT. Sulselbar Bank

Return on Assets (ROA) is the ratio used to measure the Bank's ability to generate profit or profit as a whole to the total assets owned by the Bank (Dendawijaya, 2001). Bank Indonesia stipulates that a Bank is said to be healthy if it has a minimum ROA ratio of 1.215% and is said to be healthy if the Bank has an ROA ratio between 0.99% to 1.214%. The ROA ratio can be obtained by the formula:

$$ROA = \frac{\text{Net Income}}{\text{Total Assets}} \times 100\%$$

The following is the total credit analysis data provided by PT. Bank Sulsel-Bar.

Table 4. Return on Assets of Bank Sulselbar from 2016 to 2020

Year	Net Profit (Rp) (In million rupiah)	Total Assets (Rp) (In million rupiah)	ROA (%) (In million rupiah)
2016	31.010	16.242.239	0,19
2017	30.310	17.545.955	0,17
2018	29.778	20.576.423	0,14
2019	26.303	23.541.662	0,11
2020	30.673	24.830.410	0,12
2021	17.646	27.784.973	0,06
2022	23.332	30.969.552	0,07

Source: www.bank.sulselbar.co.id .2023

Based on table 4, from the calculation results, it can be seen that the highest Return on Assets in 2016 was 0.19% or every Rp. 1 asset generates Rp. 0.0019, and the lowest in 2021 is 0.06% or every Rp. 1 asset generates Rp. 0.0006.

The approach in this study uses a quantitative approach and the data obtained is implemented in the Statistical Package for the Social Sciences (SPSS) application. SPSS is an application used to perform advanced statistical analysis, data analysis with machine learning algorithms, string analysis, and big data analysis that can be integrated to build a data analysis platform. Quantitative research produces output in the form of statistical numbers, both in descriptive and inferential data.

2. Non-Performing Credit (NPL)

Calculating non-performing loans to the amount of loans granted during the 2016-2022 period Using the non-performing loan analysis formula

$$PL = \frac{\text{Non Performing Credit}}{\text{Total Credits Provided}} \times 100\%$$

Table 5. Non-Performing Loans

Year	Total Non-Performing Loans (In million rupiah)	Total credits granted (In million rupiah)	Troubled credit (in %)
2016	60.448	11.878.918	0,50%
2017	78.137	14.004.137	0,56%
2018	81.456	15.971.680	0,51%
2019	230.472	18.824.051	1,22%
2020	132.145	19.953.527	0,66%
2021	167.326	20.471.698	0,81 %
2022	260.960	21.281.178	1,22%

Source: Data Process, 2023

3. Simple Regression Analysis

Based on the output of simple linear regression results, the constant coefficient value is 4.414 and the NPL coefficient is -0.971. The simple linear regression equation can be formulated as follows:

$$Y = 4,414 - 0,971X + e$$

Table 6. Coefficients^a

Model	Unstandardized Coefficients			Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	4,414	0,89 3		4,913	0,016
	NPL	-0,971	1,19 1	-0.426	-0,815	0,475

Source : Data Process SPSS, 2023

The above equation can be explained as follows:

- The value of 4.414 in the constant is positive. If the NPL or non-performing credit is 0 then the Return on Assets is 4.414.
- The value of 0.917 in the NPL variable is negative, so it can be said that if the NPL or non-performing loans increases by IDR 1, it will reduce the Return on Assets by 0.917

4. Classical Regression Assumption Test

The classical assumption test is used as a requirement in using the regression model so that the regression results obtained are the right estimates.

5. Normality Test

Table 7. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		5
Normal Parameters ^{a,b}	Mean	0,0000000
	Std. Deviation	0,64841834
Most Extreme Differences	Absolute	0,249
	Positive	0,249
	Negative	-0,161
Test Statistic		0,249
Asymp. Sig. (2-tailed)		,200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Source : Data Process SPSS, 2023

To ensure that the residual data has followed the assumption of normality, a test was carried out using the Kolmogorov-Smirnov test. The magnitude of the Kolmogorov Smirnov value is with a significance value greater than so it can be concluded that the regression model meets the normality assumption.

Table 8. Coefficient of Heteroscedasticity Test

Model	Unstandardized Coefficients			Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,87 0	0,441		1,974	0,143
	NPL	-0,556	0,584	-0,482	0,952	0,411

Source : Data Process SPSS, 2023

a. Dependent Variable

Based on the results of the heteroscedasticity test, the significance value of the NPL variable was 0.411, which was greater than 0.05. It could be concluded that the regression model did not have heteroscedasticity.

Table 9. Correlation Coefficients

		NPL	ROA
	Pearson Correlation	1	-0,426
	Sig. (2tailed)		0,475
	N	5	5
ROA	Pearson Correlation	-0,426	1
	Sig. (2tailed)	0,475	
	N	5	5

Source : Data Process SPSS, 2023

Table 10. Coefficient of Determination Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,426 ^a	0,181	-0,092	0.74873

a. Predictors: (Constant), NPL

b. Dependent Variable: ROA

Source : Data Process SPSS, 2023

The R square value indicates that 18.1% of the variation in Bank Sulsebar's ROA for the 2016 – 2022 period is affected by the NPL variation and the remaining 81.9% is influenced by other factors not included in the model.

6. Hypothesis Test (T Test)

Table 12. Coefficients^a

Model	Unstandardized Coefficients			Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4,414	0,898		4,91 3	0,016
	NPL	-0,971	1,191	-0,426	-0,815	0,475

Source : Data Process SPSS, 2023

The t-test is used to determine the extent to which the independent variable influences the dependent variable and to test the proposed hypothesis whether it is accepted or not. Through the t-test it can also be seen regarding information about how much influence the independent variables have on ROA. Using a sample of 87 respondents with $df = n-k-1$ or $df = 87-1-1$, t-table = 1.662557 is obtained with a significance level 0.05.

In the table above, we can see that the T-count is smaller than the T-table ($-0.426 < 1.662557$), which means that NPL has no effect on ROA. Based on the results of the sig test, the

value obtained is greater than the significant level, so the NPL variable has no significant effect on ROA.

Discussion of Research Results

In the results of the t test research shows that NPL does not affect return on assets. This can be proven by the results of the t test variable NPL (X) on ROA (Y) showing a significance level of $0.475 > 0.05$, it can be concluded that the NPL variable has no significant effect on ROA. The ROA calculation shows that Return on Assets has experienced deflation due to a decrease in ROA every year. This decrease occurred due to a decrease in net profit earned by Bank BPD every year (2016-2022). These results indicate that the level of banking profitability is not healthy because it describes the level of financial performance that is increasingly unfavorable.

The occurrence of credit risk in banking (bad credit) is an expected loss, and the group included in this expected loss is taken from the company's (bank) reserves in the event of bad credit, to cover all bad loans, the bank will take funds from bank reserves, and these reserves are taken from profits. Profits/profits are part of a bank's own equity/capital, so that if bad loans occur, they can be covered from the existing reserve funds when they occur without having to reduce the existing reserve funds when bad loans occur and will not reduce bank profits if there is an excess of reserve funds in the previous period, so it can be used to cover bad loans when bad loans occur.

Credit Disbursement at PsT. Bank Sulselbar examines the credit appropriation framework to assist the method involved in achieving its targets. Executives in completing their obligations need a control framework that can obtain organizational resources, provide assurance that what is accounted for can really be thought of and can improve business capabilities and can continuously screen that the established approach is carried out according to what is generally anticipated. Credit payments are intended to achieve objectives that include the classification of monetary disclosure, consistency, and assignment.

The Compliance Policy Unit manages the Credit Handbook, monitors the availability/adequacy and capability of credit management staff at branch offices and plays an active role in its development and assists/cooperates with the Risk Management unit in carrying out the process of identifying, measuring, monitoring and controlling risks in the field of credit and preparing internal and external reports related to the main function of the credit department. Signing of letters/documents/reports related to the main function of the Credit Department, in accordance with existing authorities and managing and securing archives/files of the Credit Department as well as Maintaining the discipline and discipline of subordinate employees

The Credit Distribution Procedure at PT. Bank Sulselbar Teknik is the steps that will be carried out to complete the exercise, so that the required goals are achieved and can be used to easily solve reasonable problems in accordance with a predetermined time. The procedure for granting credit at Bank Sulselbar Ratulangi Branch starts from the beginning of the debtor customer's plan to come to Bank Sulselbar Ratulangi Branch to carry out or complete credit application authentication. From then on, the borrower immediately went to the recording official sect. This technique is a series of steps to be carried out to complete the exercise, so that the required goals are achieved and can be used to easily solve reasonable problems as indicated by the allotted time.

The technique of granting credit at Bank Sulselbar starts from the beginning of the debt holder customer who immediately comes to Bank Sulselbar to make or complete authentication of credit applications. From then on, future borrowers go to the authorized records segment to generate client visit reports which then bank officials will study the information recorded in the credit advice recently submitted by nearby account holder clients to see if it is synced or not. The consequences of the bank official's visit will be disclosed in connection with the customer's visit which will then be submitted to the head of the branch to think about and find out whether the credit proposed by the future account holder can be supported or not.

If the branch supervisor has submitted an endorsement, then the customer who plans to owe goes to the credit administrator area for credit recognition actions that have been submitted. To create a customer visit report that later the bank officer will study the information recorded in the credit advice recently submitted by the account holder's future client to see if it is synced or not. The consequences of the bank official's visit will be outlined in relation to customer visits which will then be submitted to the head of the branch to think about and find out whether the credit proposed

by the planned debtor can be supported or not. in the event that the branch supervisor has submitted an endorsement, the prospective customer debtor visits the credit manager segment to measure the credit recognition that has been submitted.

CONCLUSION

This research was conducted to determine non-performing loans on return on assets at PT. Sulsebar Bank. In 2016-2022. Based on the data that has been examined, it can be concluded as follows:

1. From the results of research and discussion Return on Assets (ROA) is one of the profitability ratios that can take into account the Bank's management ability to earn overall profits. From the results of the t test research, it shows that NPL has no significant negative effect on return on assets. This shows that every time there is an increase in Non-performing Loans (NPL), the Return On Assets (ROA) will decrease. Thus, banks cannot earn profits with problem loans. Thus the Bank cannot earn profits with problem loans. From the results of the calculation of the coefficient of determination that there is an effect of variable X on Y 18.1% and the remaining 81.9% is influenced by other factors not included in the model.
2. The risk of non-performing loans can cause income or profits to decrease, causing economic growth to slow down. For this reason, it is very important to know the impact of non-performing loans on return on assets.

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