Journal of Management and Science

12(4) 2022 49-54

OPEN ACCESS

RESEARCH ARTICLE

DOI: https://doi.org/10.26524/jms.12.63

Influence of Business Profit, Corporate Governance and Risk Profile on The Profitability of BRI Sharia Bank

Rini Ratnaningsih, [1] Teddy Oswari [2]

Abstract

With the increase in Covid-19 cases since March 2020, the Indonesian government has taken several actions to break the chain of the corona virus by implementing PSBB (Large-Scale Social Restrictions), namely by closing schools, limiting employees who work, closing places that are otherwise not so. This condition makes many people lose their jobs and has an impact on people's finances. This policy raises concerns in the banking industry because it will experience a liquidity crunch and cause a crisis in the banking sector. BRI Syariah Bank experienced fluctuations in the development of profits and assets as in March 2020 there was a decrease from profit which was originally 603.15 billion to 214.01 billion and increased again in the second quarter or in June 2020, which was 266.64 billion. The purpose of the study was to determine the effect of operating profit, corporate governance and risk profile on the profitability of BRI Syariah Bank in 2018-2021.This type of research uses library research. The data is obtained from the documentation website www.brisyariah.co.id. with a quantitative approach and the phenomenon of the Covid-19 pandemic. The data used in this study is the financial performance of the BRI Syariah bank for the 2018-2021 period. The analytical technique used is multiple linear regression analysis, then processed with the help of an SPSS analytical tool.The development of Return on Assets (ROA) with an average of 1.7463, the average development of Good Corporate Governance is 1.7539, the NPF position is above with an average NPF value of 1.5974 percent, the LDR position is above the average value the average is 87.4606, and the average ROE is 5.2881. This value still has a good ability to manage earning assets to generate net interest income, which indicates that the increase in interest income is greater than the increase in interest expense so that profits will increase. The results of this study are (1) Return on Assets has a significant effect on the profitability of BRI Syariah Bank. (2) Good Corporate Governance has no effect on the profitability of BRI Syariah Bank. (3) Non-Performing Financing has a significant effect on the profitability of BRI Syariah Bank. (4) Financing to Deposit Ratio does not affect the profitability of BRI Syariah Bank.

Keywords: Business profit, corporate governance, risk profile profitability, BRI sharia bank.

Author Affiliation: [1,2] Research scholar

Corresponding Author: Rini Ratnaningsih. Research scholar.

Email: teddyoswari@yahoo.com

How to cite this article: Rini Ratnaningsih, Teddy Oswari, Influence of Business Profit, Corporate Governance and Risk Profile on The Profitability of BRI Sharia Bank, Journal of Management and Science, 12(4) 2022 49-54. Retrieved from https://jmseleyon.com/index.php/jms/article/view/620

Received: 17 July2022 **Revised:** August 31 2022 **Accepted:** 14 September 2022

1. Introduction

Currently, all countries in the world are entering an endemic period of the corona virus (Covid-19), where the first incident of the virus was discovered in December 2019 in the city of Wuhan, China. In Indonesia, the first confirmed case of Covid-19 occurred in early March 2020, then statistics on the increase in cases of positive confirmed cases of Covid-19 continued to increase from day to day.[1]

With the increase in Covid-19 cases since March 2020, the Indonesian government has taken several actions to break the chain of the corona virus by implementing PSBB (Large-Scale Social Restrictions), namely by closing schools, limiting employees who work, closing places that are otherwise not so. With this condition, many people have lost their jobs and this has an impact on people's finances which are increasingly difficult.[2]

This policy raises concerns in the banking industry because it will experience a liquidity crunch and lead to an increasing crisis in the banking sector. Liquidity crunch is a situation where the supply of cash entering the bank is reduced, while at the same time the demand is getting higher.[3]

Meanwhile, the bank still has to pay off operational costs and pay the profit-sharing ratio to the owners of third-party funds. However, Islamic banking uses the principle of profit sharing in every contract, this makes Islamic banking more flexible than conventional banks. In a profit-sharing system, the profit of Islamic banks depends on the profits obtained from the bank, where the ratio will increase with an increase in the profits of Islamic banks.[4]

The performance of a company is a measure that describes the company's financial condition. Good performance can help management in achieving company goals. The higher the company's performance, the better the value of the company in the eyes of investors. One way to assess financial performance is by analyzing financial statements. Financial statements are the result of the accounting process that can be used as a tool to communicate financial data or company activities to interested parties. The parties with an interest in the financial position are divided into two, namely internal parties such as company management and employees, and external parties such as shareholders, creditors, government, and the public. [5]

The development of the company is very dependent on the capital invested by investors, so the company must have good performance in order to gain the trust of investors to invest in the company. Financial ratios show the company's ability to earn profits or a measure of the effectiveness of the company's management.[6]

Financial performance is an important factor to improve the company's performance which is superior in supporting the advanced Indonesian economy by helping to improve the real sector. Various financial performance analyzes that can be used, one of which is using the RGEC method in analyzing financial statements in accordance with BI Circular No. 13/24/DPNP, which consists of a risk profile, good corporate governance, earnings (profitability), and capital. [7]

Due to the impact of covid-19 in Indonesia, this can cause banking financial performance to increase and decrease every quarter from 2019 to the 2020 quarterly report.[8]

The development of BRI Syariah Bank profits and assets, that from March 2019 to September 2019 there was a significant increase in profits and assets, but with this covid-19 in March 2020 there was a decrease from profit which was originally 603.15 billion to 214.01 billion and increased again in the second quarter or in June 2020, which amounted to 266.64 billion.[9]

At this FDR ratio as long as Indonesia was affected by the Covid-19 pandemic, BRI Syariah Bank FDR increased in March 2020. Meanwhile, BRI Syariah continued to decline from early March to September 2020. For the ROA Ratio at BRI Syariah Bank, after being affected Covid-19 in March 2020 increased, from 0.31% to 1.00% and decreased again in June and September 2020. [10]

In the ROE (return On Equity) Ratio of BRI Syariah Bank, it was recorded that ROE (Return On Equity) decreased, at BRI Syariah Bank itself in June 2020 there was a decrease, from 6.30% to 4.87%. The ability of banks to obtain capital (capital) at BRI Syariah banks at the beginning of the impact of covid-19, namely in March 2020 and September 2020, decreased.[11]

This research was motivated by several problems that arose during the Covid-19 pandemic, including BRI Syariah Bank which experienced a decline in ROA, ROE and CAR. This could affect the allocation of third party funds to banks to decline, so that this made the Bank experience the impact of the Covid-19 outbreak. The purpose of the study was to determine the effect of operating profit, corporate governance and risk profile on the profitability of BRI Syariah Bank in 2018-2021.

2. Methodology

This type of research uses library research. The data is obtained from the documentation website www. brisyariah.co.id. with a quantitative approach and the Covid-19 pandemic phenomenon where the financial performance of BRI Syariah banks is seen based on before and during the impact of the Covid-19 pandemic.

In this study, the location chosen by the researcher to assess the financial performance of a bank is the central BRI Syariah Bank, but in this case the researcher does not go directly to the field, but in this case the researcher gets financial statement data from the official website of the BRI Syariah bank. The aim is to determine the financial performance of BRI Syariah Bank and to find out the causes of ups and downs in the financial performance of BRI Syariah Bank. Operational concept describes the characteristics of the object into observable elements that cause the concept to be measured and operationalized into research.[12,13,14]

The data used in this study is the financial performance of BRI Syariah Bank for the 2018-2021 period with data source documentation of the publication of BRI Syariah Bank's quarterly financial statements. The data collection technique used in this study uses documentation techniques, the method is to collect data obtained through documents. Data in the form of financial performance seen based on the quarterly financial statements of PT Bank BRI Syariah Period 2018-2021. The analytical technique used is multiple linear regression analysis, then processed with the help of an analytical tool, namely IBM SPSS software. [15,16]

3. Result

3.1 BRI Syariah Bank Operating Profit Period 2018-2021

In assessing the profitability/ability to earn a profit ratio factor in this study, it is calculated using the ROA ratio. ROA ratio is a ratio to measure the ability of bank management in managing existing assets to earn a profit. The following are the results of the assessment of the financial statements of BRI Syariah Bank. During the 2018-2021 period, BRI Syariah Bank produced a fluctuating ROA value. This can be seen from each ROA value increasing and decreasing. [17,18,19,20]

3.2 Good Corporate Governance (GCG) BRI Syariah Bank 2018-2021 Period

In managing a banking company (good corporate governance) this is a result in the form of an assessment to measure the quality of bank management. Thus, the GCG ratio is considered important for investors to use in assessing whether the bank's performance has met the standards or not when the collaboration is held. Banking Governance Good Corporate Governance (GCG) of Bank BRI Syariah for the 2018 period shows the results of banking management getting a GCG final score of 1.66 with a good predicate. The results of the management of banking companies (good corporate governance) in 2019 and received a GCG final score of 1.68 with a good predicate. The results of the management of banking companies (good corporate governance) in 2020 and received a GCG final score of 1.71 with a good predicate. The results of the management of banking companies (good corporate governance) in 2021 and received a GCG final score of 1.89 with a good predicate.

3.3 BRI Syariah Bank Risk Profile for the 2018-2021 Period

Non-Performing Financing (NPF) Risk Profile, which is a ratio of non-performing financing or non-performing financing to the total of a financing. As for the Financial to Deposit Ratio, which is to measure how much third party funds are released for financing. In carrying out fund-raising activities which cannot be separated from various risks, one of which is in obtaining income.

During 2018 in quarter 1 to quarter 4 and in 2021 quarter 1 to quarter 4 the average NPF value of BRI Syariah Bank has exceeded the safe limit of the NPF value, which is <5%. The ratio data is taken from the financial statements of Bank BRI Syariah for the period 2018 and 2021 which have been audited, so that the level of accuracy can be accounted for.

During 2018 in quarters 1 to 4, BRI Syariah Bank produced a fluctuating (up and down) FDR value, while in 2021 the 1st to 4th quarter of 2021 experienced an increase in FDR and for the next quarter it continued to decline.

3.4 BRI Syariah Bank Profitability Level for the 2018-2021 Period

In this study, data on the level of capital adequacy (capital) is calculated using the ratio of Return on Equity (ROE). This ROE ratio provides an indication related to capital, whether the existing capital is sufficient to cover the risk of loss in investment securities. During the 2018-2021 period, BRI Syariah Bank produced an ROE value that increased and also decreased (fluctuating). The decline in ROE in 2018 from quarter 1 to quarter 1 in 2021 continued to decline. In the second quarter of 2020, BRI Syariah Bank again experienced a continuous increase

4. Descriptive Analysis

The following will present the average value to see the development of financial performance as measured by financial ratios Return on Assets (ROA), Good Corporate Governance (GCG), Non-Performing Financing (NPF), Loan To Deposit Ratio (LDR), and Return On Equity (ROE) for 2018-2021.

In this study it is known that the development of Return on Assets (ROA) with an average of 1.7463, the average development of Good Corporate Governance is 1.7539, the NPF position is above with an average NPF value of 1.5974 percent, The LDR above has an average value of 87.4606, and an average ROE of 5.2881. This value still has a good ability to manage productive assets to generate net interest income, which indicates that the increase in interest income is greater than the increase in interest expense so that profits will increase.

In the normality test, the value of the Kolmogorov-Smirnov Test is 0.486 with a significance probability greater than 0.05, which is 0.972, then H0 is accepted, which means that the residual data is normally distributed. The results of the multicollinearity test in this study indicate that there is no independent variable that has a tolerance value of less than 0.10 and a VIF value of more than 10, so it can be concluded that there is no multicollinearity between independent variables in the regression model. The results of the heteroscedasticity test show that all independent variables that have a significant value of more than 0.05 means that there is no heteroscedasticity.

The results of the autocorrelation test in the linear regression model obtained a DW value of 1.090, while from the DW table with a significance of 0.05 and the amount of data (n) = 68, and k = 5 (k is the number of independent variables) the dl value is 1.255 and du is 1. 1,781. Because the value of DW (1.090) lies 0<d<dl, it can be concluded that there is a negative autocorrelation.

In this study, the data that has been collected was analyzed using multiple regression analysis with the Ordinary Least Square (OLS) equation. To examine the effect of independent variables (ROA, GCG, NPF, and LDR) on profitability. The regression equation used is as follows ROE = 1,043 + 0,004 ROA+ 0,009 GCG + 0,353 NPF + 0,310 FDR. The t-test in testing the effect of each independent variable (ROA, GCG, NPF, and LDR) on the dependent variable (ROE). To test the partial effect, it can be done in a way based on the probability value.

The F test in the regression model used is fit or not fit from the regression model equation for the independent variables, namely ROA, GCG, NPF, LDR together on the dependent variable, namely profitability (ROE) which is described in the following table.

Based on the table above, it can be seen that the probability value is 0.024, which means that the value is smaller than =0.05 with df(N1)=5 and df(N2)=36, the value of Ftable = 2.48, Fcount = 2.969. So, Fcount = 2.969> Ftable = 2.48 so it can be concluded that H0 is rejected, meaning that the variables ROA, GCG, NPF, and LDR simultaneously (together) affect profitability (ROE) at BRI Bank for the 2018-2021 period. Thus, it can be said that the regression model is good or can be said to be fit.

The coefficient of determination (R2) is used to measure the model's ability to explain variations in the dependent variable. Mathematically, the value of R2 is expressed in terms of 0 R2 1. The higher R2 (closer to 1) the better the results for the regression model. On the other hand, the smaller the value of R2 (closer to 0) indicates the independent variable found unable to explain the variation in the dependent variable change.

From the table above, it can be seen that the value of Adjusted R Square (*R*2) is 0.194 or 19.4 percent. This means that the independent variables (ROA, GCG, NPF, and LDR) can explain the dependent variable (ROE) by 19.4 percent while the remaining 80.6 percent is explained by other variables outside the research model.

5. Result

ROA and NPF variables partially affect the profitability (ROE) of BRI Syariah Bank. The magnitude of the effect of ROA on profitability (ROE) is 0.023 and the magnitude of the effect of NPF on profitability (ROE) is 0.018. Thus, the first hypothesis and third hypothesis which states that ROA and NPF partially affect profitability (ROE) at BRI Syariah Bank for the 2018-2021 period are accepted.

The GCG variable and the FDR variable partially have no effect on profitability (ROE) at BRI Syariah Bank. The magnitude of the effect of GCG on profitability (ROE) is 0.573 and the magnitude of the effect of FDR on profitability (ROE) is 0.130. Thus the second hypothesis and fourth hypothesis which states that GCG and FDR partially have no effect on profitability (ROE) at BRI Syariah Bank for the 2018-2021 period are rejected.

The Effect of Return on Assets on Profitability of BRI Syariah Bank in 2018-2021. The Return on Assets (ROA) variable partially affects the profitability (ROE) of BRI Syariah Bank for the 2018-2021 period. The magnitude of the effect of ROA on profitability (ROE) is 0.023. Thus, the first hypothesis which states that ROA partially affects profitability (ROE) at BRI Syariah Bank is rejected.

The results of this study are in line with the research of Suhartini (2016) and Arief Budiman (2016), where the Return on Assets (ROA) factor at BRI Syariah Bank gets a good predicate, but has a significant effect on profitability.

The Effect of Good Corporate Governance on BRI Syariah Bank Profitability in 2018-2021. The effect of the board of directors (DD), the board of commissioners (DK), and the audit committee (KA) as independent variables on Return On Equity (ROE) as the dependent variable partially shows no effect. In this case, BRI Syariah Bank needs to pay attention to and encourage Good Corporate Governance and other factors in increasing Return on Equity (ROE). The results of this study are in line with the research of Suhartini (2016) and Estening Rahayu (2018), where the Good Corporate Governance factor at BRI Syariah Bank gets a good predicate, but does not have a significant effect on profitability.

The Effect of Non-Performing Financing on BRI Syariah Bank Profitability in 2018-2021. Profitability is the company's ability to earn profits or profits, although Islamic banks are financial institutions that operate based on Islamic sharia principles, Islamic banks still have to strive to be able to generate maximum profits in each of their production processes. The success of Islamic bank management in generating profits can be seen through the ratio of Return On Equity (ROE). The greater the ROE of a bank, the greater the level of profit achieved by the bank and the better the position of the bank from net income. The smaller this ratio indicates the lack of ability of bank management in terms of managing assets to increase revenue and or reduce costs. Based on the data analysis of Non-Performane Financing (NPF), on the Return on Equity (ROE) of BRI Syariah Bank, it is known that Non-Performane Financing (NPF) has a positive and significant effect on Profitability. During the COVID-19 pandemic, BRI Syariah Bank also managed to grow the value of its assets and show good performance capabilities in producing its wealth to generate maximum profit as seen from the value of the Return On Equity (ROE) ratio in the 2018-2021 period. The results of this study are in line with the research of Suhartini (2016) and Ingrid Prima Fitria Englantine (2017), where this risk profile ratio NPF at BRI Syariah Bank gets a healthy predicate and has a significant effect on profitability.

The Effect of Financing to Deposit Ratio on BRI Syariah Bank Profitability in 2018-2021. The results of the regression analysis show that there is no effect of Financing to Deposit Ratio (FDR) on Return on Equity (ROE). The results of this study are different from the research of Adi Stiawan (2009), but support the research of Siti Nurkhosidah (2010) and Yuliani (2007), showing the results that the Financing to Deposit Ratio (FDR) has no effect on bank profitability. The Financing to Deposit Ratio (FDR) is used to measure the liquidity of a bank by dividing the amount of credit extended by the bank to Third Party Funds (TPF). The higher the Financing to Deposit Ratio (FDR), the higher the funds channeled to Third Party Funds (DPK).

During the four years of observation, the average Financing to Deposit Ratio (FDR) and Return on Equity (ROE) show variability and standard deviation that variations that occur in FDR are not fully able to affect the variability of Return on Equity (ROE), this may be due to other factors that influence Return on Equity (ROE) such as CAR and BOPO.

Table 1: Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.719	.945		1.818	.077
ROA	.062	.057	-.172	-1.090	.123
GCG	.006	.009	-.105	-.624	.537
NPF	.190	.141	-.210	-1.343	.218
FDR	.084	.054	-.254	-1.548	.130
ROE	.014	.020	.114	.734	.468

a. Dependent Variable: Absut

Table 2: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.540a	.292	.194	.77583	1.090

a. Predictors: (Constant), ROA, GCG, NPF, LDR
b. Dependent Variable: ROE

Table 3; Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.043	1.725		.605	.549
ROA	.004	.103	.006	.043	.023
GCG	.009	.017	.085	.543	.590
NPF	.353	.258	-.197	-1.366	.018
FDR	.310	.099	.476	3.142	.133
ROE	.070	.036	-.278	-1.942	.460

a. Dependent Variable: ROE

Table 4: ANOVA[a]

	Model	Sum of Squares	Df	Mean Square	F	Sig.
	Regression	8.936	5	1.787	2.969	.024[b]
1	Residual	21.669	36	.602		
	Total	30.605	41			

a. Dependent Variable: ROE
b. Predictors: (Constant), ROA, GCG, NPF, LDR

Table 5: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.540a	.292	.194	.77583

a. Predictors: (Constant), ROA, GCG, NPF, LDR
b. Dependent Variable: ROE

6. Conclusion

Based on data analysis that refers to the problem and research objectives, the conclusions from the research are as follows. (1) Return on Assets has a significant effect on the profitability of BRI Syariah Bank. (2) Good Corporate Governance has no effect on the profitability of BRI Syariah Bank. (3) Non-Performing Financing has a significant effect on the profitability of BRI Syariah Bank. (4) Financing to Deposit Ratio does not affect the profitability of BRI Syariah Bank.

Statement

The views expressed in this paper are strictly personal and not related to authors' respective institutional affiliation. All the errors, omissions etc., if any, are the sole responsibility of authors. The authors may be contacted at teddyoswari@yahoo.com, teddyoswari@gmail.com respectively.

Acknowledgement

Nill

Funding

No funding was received to carry out this study.

References

1. A. Abdul Ghofur, Perbankan Syariah di Indonesia, Yogyakarta: Gadjah Mada University Press, (2007).
2. F. Irham, Analisis Kinerja Keuangan, Bandung: Alfabeta (2017).
3. H. Sofyan Syafri, Analisis Kritis Atas Laporan Keuangan, Jakarta: RajaGrafindo Persada, (2010).
4. Kasmir, Analisis Laporan Keuangan, Jakarta: PT RajaGrafindo Persada, (2017).
5. Kasmir, Manajemen Perbankan, Jakarta: PT Raja Grafindo Persada, (2012).
6. L. Yusak, Panduan Praktis Account Officer Bank Syariah Memahami Praktik Proses di Bank Syariah, Jakarta: PT Elex Media Komputindo, (2009).
7. Munawir, Analisis Laporan Keuangan Edisi Keempat, Yogyakarta: Liberty, (2004).
8. Muhammad, Bank Syari'ah Problem dan Prospek Perkembangan di Indonesia, Yogyakarta: Graha Ilmu, (2005).
9. U. Khaerul, Manajemen Perbankan Syariah, Bandung: Pustaka Setia, (2010).
10. Wiagustini and Ni luh Putu, Dasar-dasar Manajemen Keuangan, Denpasar: Udayana University Press, (2013).
11. Allselia Riski Azhari and Rofiul Wahyudi, Analisis Kinerja Perbankan Syariah di Indonesia: Studi Masa Pandemi Covid-19, Jurnal Ekonomi Syariah Indonesia, 10(2) (2020).
12. Arif Budiman, Analisis perbandingan Kinerja Keuangan Bank Umum Syariah dengan Bank Konvensional, Jakarta: UIN Syarif Hidayatullah, (2018).
13. Dinar Riftiasari and Sugiarti, Analisis Kinerja Keuangan Bank BCA Konvensional dan Bank BCA Syariah Akibat Dampak Pandemic Covid-19, Jurnal Manajemen Bisnis, Vol. II,No. 2 Desember, (2020).
14. Eni Purwati, Analisis Perbandingan Kinerja Keuangan Bank Mandiri Syariah dengan Bank Mega Syariah, Ponorogo: Institut Agama Islam Negeri Ponorogo, (2019).
15. Estening Rahayu, Perbandingan Kinerja Keuangan Bank Umum Syariah dan Bank Konvensional Menggunakan Metode RGEC Serta Pengaruhnya Terhadap Profitabilitas, Jakarta: UIN Sunan Kalijaga Yogyakarta, (2017).
16. Ingrid Prima Fitria Englantine, Analisis Kinerja Keuangan dengan Metode RGEC pada Bank Syariah di Indonesia, Yogyakarta: Universitas Islam Indonesia, (2017).
17. Suhartini, Analisis Kinerja Keuangan Dengan Metode RGEC Pada PT Bank Negara Indonesia Syariah, Palembang: UIN Raden Fatah Palembang, (2017).
18. www.brisyariah.co.id
19. https://www.ojk.go.id/id/regulasi/Documents/Pages/PBI-tentangPenilaian-Tingkat-Kesehatan-Bank-Umum/96.pdf
20. https://satubanten.com/mewaspadai-potensi-likuiditas-perbankan-syariah-akibat- wabah-covid-19/