
THE EFFECT OF ROA AND ROE ON THE PROFIT GROWTH OF GOVERNMENT BANKS WITH CREDIT GROWTH AS AN INTERVENING VARIABLE

Mei Hotma Mariati Munte¹, Jadongan Sijabat²

Economic Faculty, Nommensen HKBP University, Medan, Indonesia

Email : meihotmamariati_munte@yahoo.co.id, jadongansijabat@gmail.com

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ABSTRACT

Company performance information reflected in profit information in the comprehensive income statement is important information seen by investors in making decisions regarding investment and credit, and also information for evaluating management's performance in managing the company. The company's good profit growth reflects that the company's performance is also good. In other words, profit is a measure of a company's performance, so the higher the profit it achieves, the better its performance. This study aims to test and analyze the effect of ROA on profit growth, the effect of ROA on profit growth with credit growth as an intervening variable, the effect of ROE on profit growth, ROE on profit growth with credit growth as an intervening variable, the influence of ROA and ROE on profit growth and the effect of ROA and ROE on profit growth with credit growth as an intervening variable. Based on the test results, the value of the ROA coefficient is -12.031, with a significance level of 0.153. So it can be stated that the hypothesis (Ha1) states that the ROA ratio does not influence credit growth in government banks is acceptable. The results of hypothesis testing (Ha2) in which the value of the ROA coefficient is -3.415 with a significance level of 0.067 can then be stated that the hypothesis (Ha2) stating that the ROA ratio does not affect profit growth with credit growth as an intervening variable in government banks is acceptable. The results of testing the ratio of ROE to profit growth show that the ratio of ROE with a coefficient value of 1.854 with a significance level of 0.095 has a positive but insignificant effect on profit growth. So it can be stated that the hypothesis (H03), which states that the ROE Ratio affects profit growth in government banks, is acceptable. The results of testing the ratio of ROE to profit growth with credit growth as an intervening variable showed that the ROE ratio had a positive effect with a coefficient value of 0.487 with a significance level of 0.045. So it can be stated that the hypothesis (H04), which states that the ROE ratio affects profit growth with credit growth as an intervening variable in government banks, is acceptable. Furthermore, the test results on the effect of credit growth on profit growth showed that the value of the credit growth coefficient of 1.093 and significant at 0.182 was a positive but insignificant effect. Thus the hypothesis (H05) of profit growth influencing the credit growth of government banks is acceptable.

Keywords: ROA, ROE, Profit Growth, Credit Growth

INTRODUCTION

According to Law Number 7 of 1992 concerning Banking as amended by Law Number 10 of the Year, a bank is a business entity that collects funds from the public in the form of deposits and distributes them to the public to improve the living standards of many people. A government bank

is a bank whose shares are partly or wholly owned by the Government. The following is a list of government banks: Bank Mandiri (before 1998, it was Bank Dagang Negara, Bank Bumi Daya, Bank Exim, Bank Pembangunan Indonesia), Bank Negara Indonesia, Bank Rakyat Indonesia, and Bank Tabungan Negara (Arthesa & Handiman, 2006).

BRI's credit growth in 2013 reached 23.7 percent (year on year) to Rp 430.62 trillion from Rp 348.23 trillion in 2012 after targeting 30% to be achieved in 2013 (Andhika & Sujana, 2016).

Throughout 2014, the distribution of red plate company loans in the banking sector of PT Bank Rakyat Indonesia (Persero) Tbk (BBRI) increased by 13.88 percent to Rp570.79 trillion, when compared to the achievement of Rp490.41 trillion in 2013 (Metrotvnews.com, January 26, 2015). The credit growth target in 2014 is 20-22% (Houston & Bringham, 2010).

PT Bank Rakyat Indonesia (Persero) Tbk recorded total loans disbursed throughout 2015 amounting to Rp 558.4 trillion. This figure has increased by 13.9 percent compared to 2014, which amounted to Rp 490.41 trillion with a growth target of 13 – 14%. The increase in lending occurred in all lines of business. Loans in the micro segment, the company's main business, grew 16.8 percent to Rp 178.9 trillion. The number of customers increased to 7.8 million customers. "Credit growth in the micro segment was partly driven by the Government of Indonesia's relaunch of the People's Business Credit (KUR) in mid-August 2015."

PT Bank Rakyat Indonesia (Persero) Tbk, or BRI, recorded credit disbursements of Rp 635.3 trillion in 2016. This loan disbursement increased by 13.8 percent compared to the same period in 2015, reaching Rp 558.4 trillion. Previously, BRI was targeted to increase lending by up to 16%.

PT Bank Negara Indonesia (Persero) Tbk or BNI reported credit disbursements of Rp 441.3 trillion throughout 2017. This achievement grew 12.2 percent annually (yoy) compared to the previous year's period, Rp 393.3 trillion. PT Bank Negara Indonesia (Persero) Tbk set a credit growth target of 15-17% in 2017, which is lower than the realization of credit growth in 2016. This is to anticipate the occurrence of bad debts (Ghozali, 2013).

Throughout 2016, it was recorded to grow 20.6% after previously being targeted to grow to 17%. BNI's credit growth rate exceeded the banking industry's average credit growth of 8.5% in November 2016. Loans that BNI disbursed until the end of 2016 were recorded at Rp 393.28 trillion, compared to the same period in 2015, Rp 326.11 trillion. BNI's credit growth in 2016 of 20.6% surpassed the credit growth of the Indonesian banking industry in general.

PT Bank Negara Indonesia (Persero) Tbk (BNI) targeted 12-14% credit growth in 2015 and recorded increased lending amidst less conducive economic conditions. The company's loan disbursement grew 17.5 percent to Rp 326.1 trillion compared to 2014 Rp 277.6 trillion. BNI's lending in 2015 grew in various segments: business banking (Corporations, SOEs, Medium and Small Enterprises) and consumers (Situmorang et al., 2010).

PT Bank Negara Indonesia Persero Tbk (BNI) also recorded loan disbursements during 2014, reaching Rp277.6 trillion or growing 10.8 percent compared to 2013 of Rp250.6 trillion. 2014 was a tough year for the business sector because it was a political year followed by pressure from the BI Rate and inflation. Nevertheless, BNI's credit disbursement continued to grow even to double digits. This increase in credit shows BNI's function as an intermediary institution is improving. PT Bank Negara Indonesia (BNI) Tbk targets credit growth of 14% - 15% this year, focusing more on the business segment or corporate loans, pegged at 15-18%, while consumer loans are pegged at the level of 14%-16% (Hery & Si, 2015).

Credit growth in 2013 was 24.9% up compared to 2012 to Rp 250.64 trillion, where BNI's largest credit allocation was in corporate loans, which reached Rp 112.23 trillion or grew 55.4% compared to 2012. This loan disbursement has exceeded the previously set growth target of 20-22% (Harahap, 2007).

PT Bank Tabungan Negara (BBTN) Tbk recorded credit and financing growth in 2013 of Rp 100.46 trillion. This figure grew 23.4% compared to 2012, which amounted to Rp 81.41 trillion. This growth in credit and financing is still above the average growth of the banking industry.

However, the credit growth of PT Bank Tabungan Negara, Tbk (BTN) in 2013 did not reach the target set. Credit growth reached 23.41 percent, even though the target was 25 percent. Economic conditions in 2013 were the reason. The loans disbursed by BTN in 2013 amounted to Rp 100.46 trillion. Meanwhile, in 2012 the position was still Rp 81.41 trillion.

PT Bank Tabungan Negara (BTN) targets credit growth of around 19 percent in 2014 or reach Rp 125 trillion. The management of this red-plate bank projects that lending and financing in 2014 will also experience a slowdown. BTN's loan and financing target this year is only 17-18% reaching Rp 109.4 trillion.

PT Bank Tabungan Negara Tbk (BTN) managed to realize financing of Rp 126.12 trillion during the first semester of 2015, or grew by 18.33 percent from Rp 106.58 trillion in the same period last year. This year BTN targets credit growth to be achieved around 21%-23%.

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PT Bank Tabungan Negara (Persero) Tbk reported that lending throughout 2016 reached Rp 164.44 trillion. Previously, PT BTN targeted to be able to achieve credit growth of 21%. This figure grew 18.34 percent annually (year on year / yoy) compared to Rp 138.95 trillion in 2015. The company's lending performance in 2016 was above the national banking industry average. The reason is that bank lending as of December 2016 only grew 7.8 percent (yoy).

PT Bank Tabungan Negara (Persero) Tbk (BTN) has disbursed loans throughout 2017 amounting to Rp198.99 trillion or experiencing growth of 21.01 percent compared to the previous year of Rp164.44 trillion. The credit growth target to be achieved by PT BTN this year is 21-23%. The credit growth was recorded to be above the national banking industry average. Based on data from Bank Indonesia, as of December 2017, federal banking loans only grew 8.2 percent (yoy).

Bank Mandiri (IDX: BMRI) is a bank headquartered in Jakarta and is the largest bank in Indonesia in terms of assets, loans, and deposits. The bank was established on October 2, 1998, as part of the banking restructuring program the Government of Indonesia implemented. In July 1999, four government-owned banks, namely Bank Bumi Daya (BBD), Bank Dagang Negara (BDN), Bank Ekspor Impor Indonesia (Bank Exim), and Bank Pembangunan Indonesia (Bapindo), were merged into Bank Mandiri.

PT Bank Mandiri (Persero) Tbk recorded credit growth until the end of last year (2017), reaching 10.2% on an annual basis or year on year (yoy) to Rp 729.5 trillion. Meanwhile, the company's total realization of productive loans increased by 7.2% annually or yoy. PT. Bank Mandiri targets credit growth of 13-14% this year.

PT Bank Mandiri (Persero) Tbk recorded credit disbursements throughout 2016, reaching Rp 662 trillion. This figure grew by 11.2 percent annually or year on year (yoy). PT Bank Mandiri

(Persero) Tbk lowered its credit growth target in 2016 to 9-10 percent. Previously, the credit growth rate was expected to reach 12-14 percent by the end of this year.

PT Bank Mandiri (Persero) Tbk reported loan disbursements of Rp 595.5 trillion in 2015. This achievement increased by 12.3 percent compared to Rp 530 trillion in the same period the previous year.

Bank Mandiri projects credit growth in 2014 to be slower than this year. Mandiri estimates that in 2014, credit growth will be in the range of 17-18 percent. PT Bank Mandiri Tbk disbursed loans of Rp 530 trillion throughout 2014, or grew 12.2 percent compared to the previous year's gains. Credit growth slowed compared to 2013's growth of 17 percent.

PT Bank Mandiri Tbk (BMRI) projects that lending in 2013 will be 20%-22%. This is based on banks' optimism about the status of State-Owned Enterprises in the Indonesian economy. As of September, bank loans grew 22.8%, from Rp 297.5 trillion to Rp 365.2 trillion. The highest lending growth occurred in the micro segment, which rose significantly by 77.3% to Rp 16.8 trillion. Meanwhile, micro, small, and medium enterprises (MSMEs) loans grew 30% to Rp 50.6 trillion. Corporate Secretary of PT Bank Rakyat Indonesia, Tbk Muhamad Ali, said that BRI's credit growth in 2013 reached 23.7 percent (year on year) to Rp 430.62 trillion from Rp 348.23 trillion in 2012.

The credit growth of the four government banks for five consecutive years can be explained by the fact that none of the credit growth in 2013-2017 reached the target despite the increase from the previous year. Of course, the cause of not achieving each of these targets can arise from external or internal banks. 2014, for example, as we know, is the year the people held the presidential election directly. In the run-up to the presidential election, the political temperature has heated up, which can result in a non-conducive state security situation. It is quite natural for banks to exercise restraint and reduce lending to avoid the emergence of bad debts.

However, after the Presidential Election has passed and can be held properly and the security situation stabilized, there should be no more reason for government banks to be unable to achieve targeted credit growth. After the presidential election, these four government banks should have the courage to channel their credit to corporations and micro-enterprises to maximally support Jokowi's program to channel credit, especially to MSMEs and housing loans. Not achieving this credit growth target will affect the bank's performance. One of the indicators measuring a bank's performance is the success of obtaining a profit. The bank's profit growth indicates that the bank's financial performance is good so that the bank's operational activities can also go well. The bank's financial performance can be seen through the bank's financial statements.

Analysts and other interested parties can collect qualitative information on the financial statements by examining the relationship between the posts in the financial statements and identifying trends in this relationship (Munawir, 2010). A good starting point in collecting this information is ratio analysis. A ratio expresses the mathematical relationship between one quantity and another. Ratio analysis expresses the relationship between selected financial statement data. These relationships are expressed in simple terms, levels, or proportions. For financial statement analysis, ratios can be classified into four types: liquidity ratio measuring the company's short-term ability to pay its maturing obligations. The activity ratio measures how effectively the company uses its assets. The profitability ratio measures the success or failure rate of a particular company or

division throughout time. The coverage ratio measures the level of protection for long-term creditors and investors.

One of the groups of users of financial statements that use financial ratio analysis is credit analysts. Credit analysts have the task and responsibility of analyzing credit. Credit analysis aims to examine or assess the credit applicant in depth about the state of the credit applicant's business or project so that the credit implementation can run smoothly and not cause bad debts.

Several previous studies have observed the effect of financial ratios on profit growth in various banking companies in Indonesia, including the research of (Wijaya, 2014), Andreas, and Errin Yani Wijaya, "The Effect of Financial Ratios on Profit Growth of Regional Development Banks in Indonesia with Credit Growth as an Intervening Variable (Study on Regional Development Banks in Sumatra)". The results showed that CAR partially negatively and significantly affected credit growth and profit growth (Keown, 2008). NPLs have a negative effect not significantly on credit growth but significantly on profit growth. ROA has a negative and significant effect on credit growth but not significantly on profit growth. NIM has a negative and significant effect on credit growth but not significantly on profit growth. LDR has a positive effect not significantly on credit growth but significantly on profit growth. Meanwhile, existing credit growth can mediate perpetually between CAR, NPL, NIM, ROA, and LDR financial ratios to bank profit growth in Sumatra from 2007 - 2011.

Is (Purnamasari, 2018) also conducting similar research titled "The Effect of Financial Ratios on Profit Growth of Sharia People's Financing Banks in Indonesia"? Based on the results of the Error Correction Model (VECM) Test, it is known that in the long term, the CAR and FDR variables have a negative and significant relationship. The BOPO variables have a positive and significant relationship, and there are negative and insignificant relationships in the NPF variables. Based on the results of the Error Correction Model (VECM) Test, it is known that in the short term, the variables in the NPF variable have a positive and significant relationship. In contrast, the CAR variable has a negative and insignificant relationship. The BOPO and FDR variables show a positive but insignificant relationship with profit growth at Sharia People's Financing Banks in Indonesia. Based on the results of the Error Correction Model (VECM) Test, it is known that the term short shows that the variables in the NPF variable have a positive and significant relationship. In contrast, the CAR variable has a negative and insignificant relationship. The BOPO and FDR variables show a positive but insignificant relationship with profit growth at Sharia People's Financing Banks in Indonesia.

Another research conducted by (Sudaryanti, 2015) entitled Financial Ratio Analysis to Predict Profit Growth in Banking Companies Listed on the Indonesia Stock Exchange. The study's results explained that LDR has an insignificant effect on profit growth, CAR has a significant effect on profit growth, ROA variables have an insignificant effect on profit growth, and NPM has a significant effect on profit growth.

(Sarwindah, 2014) has also conducted a study with some of the same variables as this study entitled, "Analysis of the Effect of NPL, LDR, and BOPO on Changes in Profits With CAR as an Intervening Variable (2014)." The results of the study explained, NPL has a significant effect on changes in profits, NPL has an insignificant effect on changes in profits with CAR as an intervening variable, LDR has no significant effect on changes in profit, and LDR has no significant effect on changes in profit with CAR as an intervening variable, BOPO has no significant effect on changes

in profit, and BOPO has no significant effect on changes in profits with CAR as the intervening Variable.

After paying attention to the previous research above, it was found that the inconsistency of the research results for several variables, such as in the research of (Sudaryanti, 2015), the CAR variable had a significant effect on changes in profits. Still, in the research of (Sarwindah, 2014), Isti Rohmah, and Reynaldi, CAR negatively and significantly affected credit growth. Furthermore, it can be explained the difference between this study and previous studies, the previous study did not test the influence of other financial ratios that are no less important than the other seven ratios (CAR, ROA, NPM, NPL, BOPO, NIM, and LDR) namely using the variable Return On Equity (ROE). Return On Equity (ROE) is a ratio that shows how much Equity contributes to creating net profit. In other words, this ratio measures how much net profit will be generated from each dollar of funds embedded in the Total Equity. The higher the return on Equity (ROE) means the higher the net profit generated from each rupiah of funds embedded in the Equity. Conversely, the lower the return on Equity, the lower the net profit generated from each dollar of funds embedded in the Equity.

RESEARCH METHODS

This research is an associative study that aims to determine the relationship between two or more variables (Nazir, 2005). This research aims to build a theory that can function, predict, and control symptoms. This research is conducted formally, meaning it uses existing research, builds it into a hypothesis, and tests it (Sugiyono, 2017). The relationship between variables in this study is causal. ROA and ROE are independent variables (exogenous), profit growth is a dependent variable (endogenous), and credit growth is an intervening variable (Kasmir & Pertama, 2012).

RESULTS AND DISCUSSION

Descriptive Analysis

Descriptive analysis is used to describe the sample data that has been obtained for each of the variables without intending to make generally accepted conclusions.

Table 1
Descriptive Statistics

	N	Range	Mini mum	Maxi mum	Mean				Std. Deviation	Skewness	Kurto sis
	Stati stic	Statisti c	Statis tic	Statis tic	Stati stic	Std. Erro r	Stati stic	Stati stic	Std. Error	Statistic	Std. Error
ROA	32	4,01	1,14	5,15	3,09 16	,193 04	1,09 201	,248	,414	-,750	,809
ROE	32	32,88	10,95	43,83	23,2 144	1,49 112	8,43 507	,911	,414	,346	,809
credit growth	32	18,83	9,27	28,10	18,3 909	,978 91	5,53 755	- ,046	,414	-1,263	,809

profit growth	32	117,63	-	86,90	23,1	4,34	24,5				
			30,73		363	707	907	,207	,414	1,081	,809
							2				
Valid N (listwise)	32										

Source: Processed Data with SPSS v.22

The SPSS display output shows the number of samples there are 32. Of these 32 sample numbers, the lowest ROA ratio was 1.14. The ROA ratio is a ratio used to measure a bank's ability to generate profit before tax based on total assets. The lowest ROA of government banks for eight years from 2010 to 2017 was 1.14%, owned by the State Savings Bank in 2014. ROA is a picture of a bank's productivity in managing funds so that it generates profits. Return On Asset (ROA) is a ratio used to measure a bank's rentability level. The standard ROA is 0.5% - 1.25%. This means that although BTN's ROA ratio is the lowest, it is still relatively good because it still meets the standards set by Bank Indonesia (Sumarsan, 2013).

Based on the results of research in Table 4.1, it is indicated that the average ROA of state-owned banks over the past eight years (2010-2017) is 3.0916%, where this average has generally exceeded the standard set by Bank Indonesia, namely 0.5% - 1.25%. Meanwhile, the highest ROA was 5.15%, owned by Bank Rakyat Indonesia in 2012.

ROE (Return on Equity) ratio is a ratio that measures a bank's ability to generate net profit based on a specific share capital. ROE measures a bank's ability to generate a net profit based on its core capital. Core capital is bank capital consisting of paid-up share capital, reserves disclosed as donated capital, additional paid-up capital, retained earnings, impairment of available financial instruments sold, and differences due to financial statements between international branches. The standard ROE is 13%-18%. The lowest ROE of government banks for eight years from 2010 to 2017 was 10.95%, owned by the State Savings Bank in 2014. This means that for eight years, from 2010-2017, BTN has been unable to generate a net profit using its core capital because BTN's ROE in 2014 did not meet the ROE standard set by Bank Indonesia, which is 13%-18%.

The highest ROE was 43.83%, owned by Bank Rakyat Indonesia in 2010. This means that during 2010 – 2017, among these government banks, BRI was the bank that had the highest ability to generate net profit from every rupiah of funds embedded in Equity. Based on the research results in Table 4.1, it is indicated that the average ROE of government banks over the past eight years is 23.21% in general, which has exceeded the standard set by Bank Indonesia, which is 13%-18%. This shows that the ability of government banks to make a profit by relying on their core capital has been doing very well.

The lowest credit growth among government banks for eight years from 2010 to 2017 was 9.27%, owned by Bank Mandiri in 2016. This means that during these eight years, Bank Mandiri has become a government bank that cannot provide benefits in the form of interest income as expected. Meanwhile, the highest credit growth was 28.10%, owned by the State Savings Bank in 2012. The average value of credit growth of these government banks is 18.3909%, with a standard deviation of 5.53755%. The skewness and kurtosis values are -0.046 and -1.263, respectively, so it can be said that the credit growth data is normally distributed.

The highest profit growth was 86.90%, owned by the State Savings Bank in 2010. This means

that for the last eight years since 2010, BTN has been the best-performing government bank by providing the highest growth loans. Meanwhile, the lowest decline in profit among government banks for eight years from 2010 to 2017 was -30.73% owned by Bank Mandiri in 2016. The average profit growth of these state banks was 23.1363%, with a standard deviation of 24.59072%.

Test Classical Assumptions

In multiple regression analysis, it is necessary to avoid deviations in classical assumptions so that problems do not arise in the use of multiple regression analysis (Gujarati, 2002). Three classical assumption tests are carried out, namely the Multicholnearity test, the Autocorrelation test, and the Heteroskedasticity test.

Normality Test

Before testing using the regression method using intervening variables, the condition for data worth testing is that the data must be normally distributed. The normality test is used to test whether, in a regression model, dependent variables, independent variables, or both have a normal distribution or not. A good regression model is a normal or near-normal distribution (Santoso, 2002;212). The data normality distribution chart can be shown in Figure 4.1 as follows:

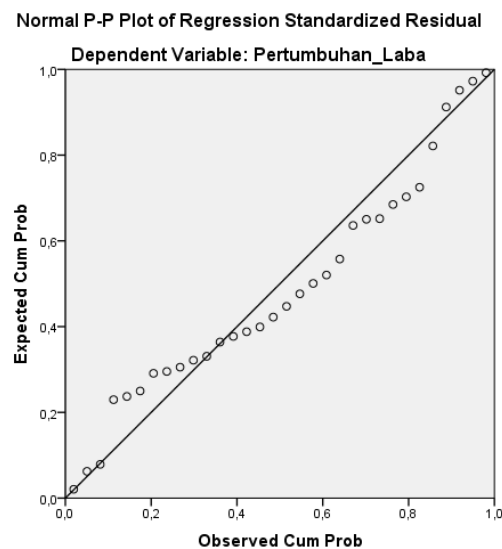


Figure 1

Normal Graph P-P Plot of Regression Standardized Residual

Source: Processed Data with SPSS v.22

Based on Figure 1, the data spread around the normal line and follows the direction of the diagonal regression line. This indicates that the regression model has met the assumption of normality. Tests based on Kolmogorov-Smirnov values can be seen in Table 2 as follows :

Table 2
One-Sample Kolmogorov-Smirnov Test

	ROA	ROE	credit growth	profit growth
N	32	32	32	32

Normal Parameters ^{a,b}	Mean	3,09 16	23,2 144	18,3909	23,1363
	Std. Deviation	1,09 201	8,43 507	5,53755	24,59072
Most Extreme Differences	Absolute	,111	,146	,146	,117
	Positive	,111	,146	,135	,117
	Negative	-,078	-,089	-,146	-,106
Kolmogorov-Smirnov Z		,629	,825	,823	,659
Asymp. Sig. (2-tailed)		,824	,505	,507	,777
a. Test distribution is Normal.					
b. Calculated from data.					

Source: Processed Data with SPSS v.22

Testing using the One-Sample Kolmogorov-Smirnov Test method was carried out by looking at the Asymp values. Sig. (2-tailed) with normality testing criteria if Asymp value. The data is normally distributed with Sig. (2-tailed) greater than 0.05 (Wijaya: 2008). From Table 4.2, it can be seen that the four dependent and independent variables already qualify for normality.

Multicollinearity Test

The first test conducted against three classical assumptions is a test of multicollinearity. Multicollinearity testing aims to test the presence or absence of perfect relationships between independent and dependent variables in regression models (Santoso, 2002: 206 - 207). In other words, this test is carried out not to determine whether it is multicollinearity but dangerous because there is no equation without multicollinearity. The rule of thumb used to determine that the Tolerance value is harmless to the symptoms of multicollinearity is 0.1. The results of multicollinearity testing for this research data can be explained using a coefficient table by paying attention to the collinearity diagnostic column, such as Table 4.3 below:

Structural Equation I (Based on VIF and Tolerance Values)

Table 3
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error				Tolerance	VIF
1	(Constant)	17,634	2,924		6,031	,000		
	ROA	3,415	1,795	-,673	-1,902	,067	,239	4,188
	ROE	,487	,232	,742	2,097	,045	,239	4,188

a. Dependent Variable: Credit growth

Source: Data Processing with SPSS v.22

Structural Equation II

Table 4
Coefficients^a

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	Collinearity Statistics
	B	Std. Error	Beta	Tolerance	VIF
(Constant)	-2,817	18,896		,149	,883
ROA	-12,031	8,195	-,534	1,468	,153
ROE	1,854	1,073	,636	1,727	,095
Pertumbuhan_Kredit	1,093	,799	,246	1,367	,182

a. Dependent Variable: Profit growth

Source: Processed Data with SPSS v.22

Based on testing the assumption of multicollinearity on the observations that have been made, the test results that can be seen in Table 3 and Table 4 can be concluded that based on the Tolerance value, independent variables show a value that is more than 0.1, and based on the VIF value is less than ten thus all independent variables are free from classical assumption testing.

Heteroskedasticity Test

This test aims to look at the distance of the squared points of the spread against the regression line. Detecting this can be done in various ways. The Scatter Plot method was carried out in this study to detect the presence of heteroskedasticity symptoms. The scatterplot chart shows that the dots are spread randomly and scattered both above and below the number 0 on the Y axis.

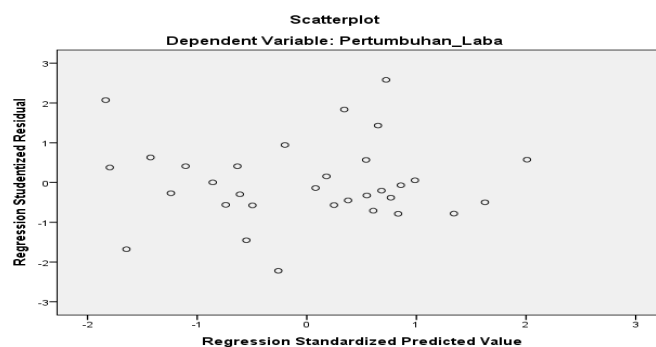


Figure 2

Scatter Plot for Equation II

Source: Processed Data with SPSS v.22

Autocorrelation Test

If the Durbin-Watson value is close to 2 (two) indicates that there is no autocorrelation. Another method used to detect autocorrelation symptoms can be used rule of thumb, if the value of $du < d < 4-du$, then there is no autocorrelation (Gujarati, 2002).

Structural Equation I (Based on Durbin Watson)

Table 5
Model Summary

Model	R	R Square	Adjusted R Square	Std. An error in the Estimate	Durbin-Watson
1	,364 ^a	,132	,072	5,33333	1,310
a. Predictors: (Constant), ROE, ROA					
b. Dependent Variable: Credit growth					

Source: Data Processing with SPSS v.22

Structural Equation II (Based on Durbin Watson)

Table 6
Model Summary

Model	R	R Square	Adjusted R Square	Std. An error in the Estimate	Durbin-Watson
1	,461 ^a	,213	,129	22,95624	1,738
a. Predictors: (Constant), Credit growth ROA, ROE					
b. Dependent Variable: profit growth					

Source: Processed Data with SPSS v.22

The table above shows that Durbin Watson's values of 1.153 and 1.777 are greater than -4 and smaller than 4. Thus it can be concluded that there is neither positive autocholation nor negative autocholation.

Path Analysis

First substructure path equation

Table 7
Model Summary

Model	R	R Square	Adjusted R Square	Std. An error in the Estimate
1	,364 ^a	,132	,072	5,33333
a. Predictors: (Constant), ROE, ROA				
b. Dependent Variable: Credit growth				

Source: Processed Data with SPSS v.22

Table 8
Coefficients^a

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Beta		

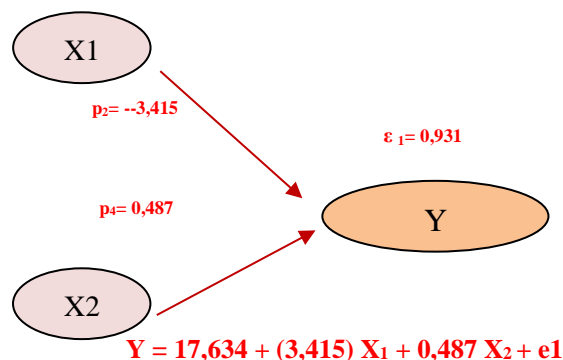
	(Constant)	17,634	2,924	6,031	,000
1	ROA	-3,415	1,795	-,673	1,902 ,067
	ROE	,487	,232	,742	2,097 ,045

a. Dependent Variable: Credit growth

Source: Processed Data with SPSS v.22

Analysis of the model path and calculation of the influence of independent variables on dependents showed a direct influence of -3,415 and indirect influences of -3,732, while the total influence from ROA to Profit Growth was -15,765. Since indirect influence is less than significant direct influence $b > 0.05$, credit growth is proven to be an intervening variable for ROA. This supports hypothesis two that ROA influences Profit Growth through Credit Growth as an intervening variable.

Analysis of the model path and calculation of the influence of independent variables ROE to the dependent showed a direct influence result of 0.487. The indirect influence was 3,454, while the total influence from ROE to Profit Growth was 5,308. Since indirect influence is greater than direct influence, significant $b < 0.05$, then Credit Growth is not shown to be an intervening variable for ROE. The regression results of the substructure path equation I are as follows.



Equation of the path of the second substructure

Table 9
Model Summary

Model	R	R Square	Adjusted R Square	Std. An error in the Estimate
1	,461 ^a	,213	,129	22,95624

a. Predictors: (Constant), Credit growth, ROA, ROE

b. Dependent Variable: Profit growth

Source: Processed Data with SPSS v.22

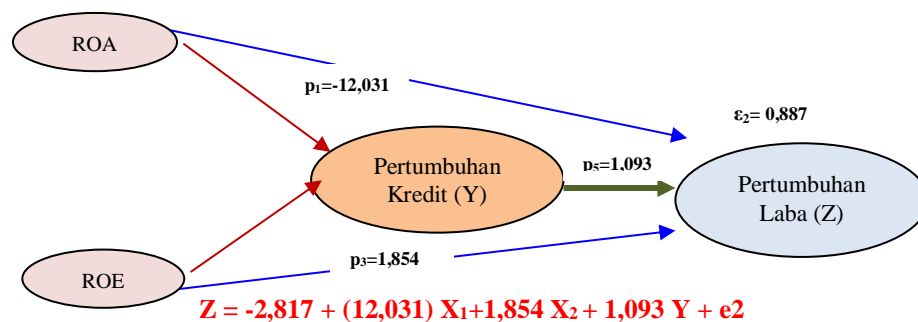
Table 10
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	-2,817	18,896		-,149	,883
1	ROA	12,031	8,195	-,534	1,468	,153
	ROE	1,854	1,073	,636	1,727	,095
	Credit growth	1,093	,799	,246	1,367	,182

a. Dependent Variable: Profit growth

Source: Processed Data with SPSS v.22

Analysis of the model path and calculation of the influence of independent variables on dependents showed the direct influence of ROA on Profit Growth of -12,031. ROE to Earnings Growth of 1,854 and Credit to Profit Growth of 1,093. The regression results of the substructure II path equation are as follows.



Hypothesis Test

Based on the test results using the Multiple Linear Regression method, the effect of ROA and ROE on profit growth can be analyzed with credit growth as an intervening variable in government banks in 2010 – 2017. Based on the results of calculations with multiple linear regression analysis obtained, the equation:

$$Y = 17,634 + (3,415) X_1 + 0,487 X_2 + e_1 \rightarrow \text{Persamaan I}$$

$$Z = -2,817 + (12,031) X_1 + 1,854 X_2 + 1,093 Y + e_2 \rightarrow \text{Persamaan II}$$

The Effect of ROA on Profit Growth

Return On Assets is one of the profitability ratios. In the analysis of financial statements, this ratio is most often highlighted since it can show the company's success in making a profit. Return On Assets can measure the company's ability to make profits in the past and then project in the future. In other words, this ratio measures how much net profit will be generated from each dollar of funds embedded in total assets. The greater a company's return on assets (ROA), the higher the

net profit generated from each rupiah of funds embedded in the total assets. However, if the Return On Assets ratio is low, then this shows that the company's asset ability is less effective (Sujarweni, 2015).

The highest ROA was 5.15%, owned by Bank Rakyat Indonesia in 2012. The profit growth ratio in 2012 for BRI was 21.93%. Meanwhile, the highest profit growth ratio was experienced by BTN at 86.90% in 2010. In comparison, BTN's ROA ratio of only 2.05% this year is still far below BRI's ROA in 2012. This means that although the highest BRI ROA ratio in 2012 exceeded the ROA ratio standard set by Bank Indonesia, BRI did not experience the same profit growth.

In contrast, the lowest ROA of government banks for eight years from 2010 to 2017 was 1.14%, owned by the State Savings Bank in 2014. This means that in 2014 BTN could still utilize its assets to generate profits (profit before tax). The standard ROA ratio set by Bank Indonesia is 0.5% -1.25%. Although total assets in 2014 increased from Rp 131,170 billion in 2013 to Rp 144,576 billion, the bank's profit growth decreased by -26.66% in the same year.

Ha1: ROA does not affect good profit growth.

The Effect of ROA on Profit Growth with Credit Growth as an Intervening Variable

The ROA ratio shows how much assets contribute to creating profit before tax through credit growth. The higher returns received from assets indicate the higher profits obtained through high credit growth.

BTN owned the lowest ROA ratio of 1.14% in 2014. Suppose you look at the credit growth experienced by BTN in the same year, which was 15.02%, quite high compared to the credit growth experienced by the other three government banks, even though the ROA ratio of the three banks was higher. However, if you look at the profit obtained by BTN in 2014, this bank experienced a decline in profit to -26.66%. This means that through credit growth, BTN cannot leverage its asset holdings to achieve profit growth as desired.

Ha2: Return On Asset (ROA) does not affect earnings growth, with Credit Growth as an intervening Variable acceptable.

The Effect of ROE on Profit Growth

Return on Equity is a ratio that shows how much Equity contributes to creating net income. In other words, this ratio measures how much net profit will be generated from each dollar of funds embedded in the Total Equity. This ratio is calculated by dividing net income by Equity. The higher the return on Equity, the higher the net profit generated from each dollar of funds embedded in the Equity. Conversely, the lower the return on Equity, the lower the net profit generated from each dollar of funds embedded in the Equity (Utari & Purwanto, n.d.).

The lowest ROE ratio of government banks for eight years from 2010 to 2017 was 10.95%, owned by the State Savings Bank in 2014. However, if you look at the profit growth experienced by this bank in 2014, BTN experienced a significant decline in profit compared to the profit growth experienced by this bank in 2013. When observed in previous years, from 2010 to 2013, the trend has indeed decreased, and 2014 was a very painful decline in profits for BTN. This year, BTN capital ownership has increased since 2010 to Rp 12,206 billion. In 2014 the company managed to record an increase in lending, reaching Rp 116 trillion, growing 15.38% from Rp 100.46 trillion in 2013. Then, in line with credit growth, Bank BTN's third-party funds (DPK) also increased to Rp 106.5 trillion in 2014, growing 10.67% from the previous period of Rp 96.21 trillion. Meanwhile, Bank

BTN's net profit in 2014 reached Rp1.1 trillion (Syamsuddin, 1987).

H03: Return On Equity (ROE) affects earnings growth.

The Effect of ROE on Profit Growth with Credit Growth as an Intervening Variable

ROE, as previously explained, is the ability of a company to make a profit using its capital. Based on the test results, it was obtained that ROE affects profit growth with credit growth as an intervening variable with a coefficient of 0.487 and significant at 0.045.

In 2010, BTN's total Equity increased significantly by 20% higher, mainly driven by a significant increase in net profit of 86.75% or around Rp 425 billion in 2010. As a result, Equity grew from Rp 5.4 trillion to Rp 6.4 trillion in 2010.

Throughout 2014, the distribution of red plate company loans in the banking sector of PT Bank Rakyat Indonesia (Persero) Tbk (BBRI) increased by 13.88 percent to Rp 57.79 trillion, compared to Rp 490.41 trillion in 2013. The proportion of microloans is high at 31.25 percent of Bank BRI's total loans, comprising 7.3 million customers. BRI can maintain its position as a national bank focusing on the MSME segment. Year on year (yoy), BRI microloans grew by 16 percent, compared to the growth in 2013. Meanwhile, the number of BRI micro customers increased by 800 thousand in 2014 (Metrotvnews.com 26/1/2015).

In 2015 PT Bank Rakyat Indonesia (Persero) Tbk recorded total loans disbursed Rp 558.4 trillion. This figure has increased by 13.9 percent compared to 2014, which amounted to Rp 490.41 trillion. The increase in lending occurred in all lines of business. Loans in the micro segment, the company's main business, grew 16.8 percent to Rp 178.9 trillion. The number of customers increased to 7.8 million customers. Credit growth in the micro segment was partly driven by the Government of Indonesia's relaunch of the People's Business Credit (KUR) in mid-August 2015.

H04: Return On Equity (ROE) affects earnings growth, with Credit Growth as an acceptable intervening variable.

The Effect of Credit Growth on Profit Growth

The test results on the effect of credit growth on profit growth, as shown in equation II and Table 4.10, show that the value of the credit growth coefficient of 1.093 and significant at 0.182 is a positive but not significant effect. Thus the hypothesis (H05) of profit growth having a significant positive influence on the credit growth of government banks is unacceptable.

Credit growth of PT Bank Negara Indonesia Tbk (BNI) throughout 2016 was recorded to grow 20.6%. BNI's credit growth rate exceeded the banking industry's average credit growth of 8.5% in November 2016. Loans that BNI has disbursed until the end of 2016 were recorded at Rp 393.28 trillion, compared to the same period in 2015 of Rp 326.11 trillion." BNI's credit growth in 2016 of 20.6% surpassed the credit growth of the Indonesian banking industry in general. In the same year, profit growth also increased from a decrease in profit -15.58% in 2015 to 24.82% in 2016.

During 2010, Bank BTN's financial performance showed satisfactory results. This can be seen from the growth of Loans and Financing, which increased by 26.55% from Rp 40.73 trillion to Rp 51.55 trillion. Therefore, Profit Before Tax increased by 54.18% from Rp 745.82 billion at the end of 2009 to Rp 1.25 trillion at the end of 2010. 2010 was an important time for Bank BTN, where we laid the foundations for sustainable growth in terms of organization, human resources, infrastructure, information and technology systems, risk management, and the implementation of good governance. As a result, Bank BTN remained consistent in scoring business growth and profit in 2010 compared

to achievements during 2009. Until the end of December 2010, Bank BTN scored a net profit of Rp 915.94 billion or grew 86.75% compared to the same period last year (y-o-y). This profit contribution was mostly obtained from the bank's net interest income, which amounted to Rp 3.35 trillion, or grew 45.72% from the previous year's period.

Regarding asset growth, as of December 31, 2010, Bank BTN increased to 17.00% to Rp 68.39 trillion from Rp 58.45 trillion in the previous year. Based on these assets, Bank BTN remains in the ten national commercial banks group with the largest assets. Meanwhile, in terms of capital ratio, amidst the intensive credit expansion that we carried out in 2010, Bank BTN's capital adequacy ratio (CAR) was recorded at 16.74%. Bank BTN's loan-to-deposit ratio (LDR) as of December 31, 2010, 108.42%, reinforces our commitment to active banking intermediation institutions focusing on housing financing. By Bank BTN's commitment to becoming the leader of the housing finance market in Indonesia, which has been the focus of business since 1974, in 2010, Bank BTN consistently occupied the first position as the bank with the highest market share (27%) in the distribution of home ownership loans (KPR) in Indonesia. Total loans disbursed increased by 26.55% to Rp 51.55 trillion compared to the same period at the end of 2009, Rp 40.73 trillion. This achievement is far above the national credit growth of only around 22% in 2010. In addition, Bank BTN is very dominant in the distribution of KPR Subsidies, where we control 97% of the total provision of new subsidized mortgages until December 31, 2010. Referring to the 2012 business strategy, Bank BTN targets the composition between housing and non-housing loans at a maximum of 85%: 15%. Until the end of December 31, 2010, 90.9% of the loans disbursed were housing loans consisting of 72.69% for mortgages, 11.03% for housing construction loans, and the remaining loans for housing-related industries.

Bank BTN lays the foundations of sustainable growth by changing the organizational structure, human resources, IT, GCG implementation, product & service development, and network expansion. Bank BTN and the Soldier Housing Welfare Foundation (YKPP) under the Ministry of Defense renewed the cooperation that has been going on since 1980, including the management of YKPP funds, the provision of mortgage facilities, and down payment assistance for YKPP members. Bank BTN, in collaboration with the National Civil Service Agency (BKN), launched an Electronic Employee Card for civil servants in the Bangkalan area. In addition to being a civil servant identity card, this multifunctional card also functions as an ATM and Debit card. Since October 1, 2010, Bank BTN, in collaboration with the Ministry of Public Housing, has distributed mortgages with the Housing Financing Liquidity Facility (FLPP). The signing of the first credit agreement with this facility was carried out at the Bekasi branch office (Yamin & Complete, 2011).

Bank BTN actively disburses housing and consumer loans. These factors were supported by strengthening the rupiah at the level of Rp 8,900 - Rp 9,000 per US dollar. As a result, companies and communities are freer to make credit decisions to support the purchase of homes and daily necessities. All these economic factors and conditions became important keys to the growth of the banking sector in 2010. The year 2010 was an important period for Bank BTN, where bank BTN laid the foundations for sustainable growth in terms of organization, human resources, infrastructure, information and technology systems, risk management, and the implementation of good governance. As a result, Bank BTN remained consistent in scoring business growth and profit in 2010 compared to achievements during 2009. Until the end of December 2010, Bank BTN scored a net profit of Rp 915.94 billion or grew 86.75% compared to the same period last year (y-o-y). This profit

contribution was mostly obtained from the bank's net interest income, which amounted to Rp 3.35 trillion, or grew 45.72% from the previous year's period.

Regarding asset growth, as of December 31, 2010, Bank BTN increased to 17.00% to Rp 68.39 trillion from Rp 58.45 trillion in the previous year. Based on these assets, Bank BTN remains in the ten national commercial banks group with the largest assets. Bank BTN has also launched new products and relaunched and rebranded savings products such as BTN Junior Savings, BTN Juara Savings, BTN Hajj Savings and BTN Batara, and BTN Prima Savings. As a result, at the end of December 2010, total third-party funds grew 18.23% to Rp 47.55 trillion compared to the previous year of Rp 40.21 trillion.

This achievement in 2010 made PT Bank Tabungan Negara Tbk (BTN) successfully win the highest award as the overall champion (Antara News, September 15, 2011) "Annual Report Award 2010" organized by the Ministry of SOEs in collaboration with Bapepam, Directorate General of Taxes, Indonesia Stock Exchange, Indonesian Accounting Association and National Committee on Governance Policy (Kieso et al., 2008). Not only that, on the night of the ARA 2010 award, Wednesday (14/9), BTN also won first place in the public BUMN / BUMD (listed company) category. Bank BTN's financial statements as of December 31, 2010 (audited), which became ARA's assessment, showed good performance. As can be seen from the profit, which grew 86.90 percent, assets grew 17 percent, credit grew 26.55 percent, and third-party funds grew 18.23 percent, with financial ratios also recorded as quite good. The annual report is a mirror of what is done or is a manifestation of a company's performance which is carried out in the form of an annual report to shareholders and all stakeholders.

PT Bank Negara Indonesia (Persero) Tbk or BNI reported credit disbursements of Rp 441.3 trillion throughout 2017. This achievement grew 12.2 percent annually (yoy) compared to the same period of Rp 393.3 trillion the previous year. President Director of BNI Achmad Baiquni said credit disbursement amounted to IDR 345.5 trillion or 78.3 percent of the total loans disbursed to the business banking segment. Rp 71.4 trillion, or 16.2 percent of the total loans, were disbursed to the consumer segment. "The remaining IDR 24.37 trillion or 5.5 percent of the total credit is channeled through subsidiaries," said Baiquni in a press conference at BNI Head Office Wednesday (Kompas.com 17/1/2018). For business banking segment loans, IDR 134.4 trillion was disbursed to non-SOE corporate debtors, including lending to debtors outside Indonesia. This figure grew by 14.9 percent (yoy). Throughout 2017, BNI recorded a net profit of Rp 13.62 trillion. A total of IDR 84.37 trillion was distributed to state-owned debtors. For the rest, loans in the business banking segment were also disbursed to medium and small debtors, respectively, idr 70.26 trillion and Rp 56.48 trillion or grew 14.6 percent and 11.4 percent on an annual basis. Meanwhile, credit growth in BNI's consumer segment was driven primarily by payroll loans, which grew 47.1 percent.

H05: Credit growth affects acceptable profit growth.

CONCLUSION

ROA affects profit growth. ROA affects earnings growth with credit growth as an intervening variable. ROE affects profit growth. ROE affects profit growth with credit growth as an intervening variable. Credit Growth has a positive effect on Profit Growth. For companies, it is expected to pay attention to other variables, such as the size of the company, the age of the company, the level of leverage, sales levels, and past profit growth that affect the company's Profit Growth in addition to

matters related to the company's Equity so that it can take appropriate steps in planning the company's profit growth. For companies, it is expected to pay attention to other variables, such as the size of the company, the age of the company, the level of leverage, sales levels, and past profit growth that affect the company's Profit Growth in addition to matters related to the company's Equity so that it can take appropriate steps in planning the company's profit growth. The effectiveness of lending is one of the efforts to increase the company's profit so that the role of banks as fund intermediation can run. For subsequent researchers, it is better not only to use the variables used in this study but to add other independent variables besides return on assets and Equity.

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