

Relationship between the Soundness of Banks and Profitability in Conventional Commercial Banks (Study of Banking Companies Listed on the Indonesia Stock Exchange (IDX) 2016-2018)

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Abstract:- This study was conducted to determine the relationship between the level of bank soundness and profitability based on the *risk based bank rating (RBBR)* method. The independent variables studied were the level of bank soundness with the composition value and profitability, namely ROA (Return on Assets) and ROE (Return on Equity) on the dependent variable. The sample used is Bank BUKU 1 through Bank BUKU 4 in Indonesia during 2016 - 2018. The data technique used is multiple linear regression. The results of this study are the company's profitability for a healthier bank soundness is higher than the company's profitability for a lower bank soundness. That is, companies that have different levels of bank soundness quality, have different company profitability as well. The better the level of company health, the higher the company's profitability. Conversely, the worse the level of company health, the lower the company's profitability.

Keywords:- Risk Based bank rating, Return on Assets, Return on Equity

I. INTRODUCTION

Bank is one of the financial institutions that is responsible for raising funds (*funding*) from the public, channeling funds (*lending*) to the public in the form of credit and other bank services. Banking operations should be able to fulfill all their obligations properly in ways that are in accordance with applicable banking regulations (Triandaru and Budisantoso, 2006: 51). One of the assessment of banking performance in terms of capital that has been set Indonesian Banking Architecture (API) on January 9, 2004 and applied in 2010. In general, a bank was established with the aim of obtaining optimal profits. Profit is a supporting factor for the survival of the bank, where each bank activity in the form of transactions in the context of generating profits is recorded, classified and presented in the financial statements that are used to measure the results of operations of the bank in a certain period. The size of a bank's success can be measured by the size of profit. Because the profit earned by the bank is a measure of success that the bank has worked efficiently (Baihaqy, 2017).

According to Chairman of the Board of Commissioners of the Indonesian Deposit Insurance Corporation (LPS), Halim Alamsyah in Infobank (2017), stated that the application of the level of profitability of banks has continued to decline in the last five years. This is because the lending margin continues to weaken and the risk of non-performing loans is still high and has an impact on the decline in the level of *return on assets* from banks in 2015 to 2017. This is also seen in the condition of stability in the Indonesian financial services sector where market performance ROA domestic banks' financial finances in 2013 decreased until 2016 and there was an increase in ROA in 2017 ROA with an ROA value of 2.45%.

An increase in Commercial Bank BOPO during the period 2012 - 2016, in 2012 BOPO was in the position of 74.01% and in 2016 increased to 82.85%. In the first quarter of 2017, an increase in efficiency was reflected in a decline in BOPO to 80.68%. (Financial Services Authority Performance Report, 2017: 23-25). To maintain banking stability, it is necessary to assess the performance of banks by evaluating the soundness of banks.

The assessment of the soundness of banks in general is regulated in a circular letter of the Financial Services Authority No.14 / SEOJK.03 / 2017 concerning the Rating of the Soundness of Commercial Banks which is an implementation guide of the Financial Services Authority regulation No.4 / POJK.03 / 2016 which obliges to conduct assessment (*self-assessment*) of the bank at risk approach (*risk Based Bank Rating /RBBR*) both individually and on a consolidated basis. Where the assessment of the soundness of commercial banks is the result of an assessment of the conditions carried out on risk and bank performance. This assessment is based on the general principles of bank soundness assessment which are: risk oriented, proportionality, materiality and significance as well as comprehensive and structured. Bank health assessments have undergone many changes, namely from Bank Indonesia Regulation (PBI) No. 6/10 / PBI / 2004 concerning assessments of the soundness of commercial banks, bank health assessments and bank performance assessments using the CAMELS method (*capital, assets, management, earnings, liquidity, and sensitivity to market risk*). In January 2012, all

commercial banks in Indonesia used guidelines for rating the soundness of banks based on Bank Indonesia Regulation (PBI) No.13 / 1 / PBI / 2011 guidelines for assessing the soundness of banks using the RGEC method, namely *risk profile, good corporate governance (GCG) , earnings, and capital* where the assessment of the level of soundness of a bank requires self-assessment using *arisk-based bank rating(RBBR)* approach. The bank is currently assessing the soundness of the bank based on POJK Regulation No. 14 / SEOJK.03 / 2017 at which banks are required to conduct assessments(*self-assessment*)of the bank at risk approach(*RiskBased Bank Rating /RBBR*) both individually and on a consolidated basis with coverage factor of risk profile assessment includes *riskprofile,governance manage, profitability and capital*. Health assessment is very important because the bank manages public funds entrusted to the bank.

Many parties have an interest in evaluating performance in a banking company, including for managers, investors, governments, the business community, and related institutions. Management really needs the results of an assessment of the performance of its business units to ensure the success of managers and at the same time as an evaluation of the preparation of strategic and operational plans in the future. A good banking performance will attract investors to invest in the banking sector. The more healthy a bank is, the bank management can be ascertained well managed so that the bank is expected to provide *returns* high for investors.

In this study, researchers will examine the relationship between the level of bank health with profitability in conventional commercial banks, where for the health level of a bank that is measured, namely the composite rating of the bank's health level, while for profitability, it is measured by the ROA and ROE indicators.

ROA is used to measure the effectiveness of the company in generating profits by utilizing the assets owned and ROE is used to measure income from the use of bank capital. So far the researchers have not found any research related to the relationship between the level of bank health as measured by the composite rating of the bank's health rating and profitability as measured by the ROA and ROE Ratios. The research with soundness level analysis does not use health rating but rather the factors that influence the health of banks in the form of CAMEL and RGEC as well as profitability variables that are often examined in the form of ROA ratio.

Based on the *issue* and background described above, the researcher will test the relationship between the soundness of banks and profitability in conventional commercial banks.

II. THEORY AND HYPOTHESES

➤ *Signal Theory(SignalingTheory)*

Theory Signaling(*SignalingTheory*)was first developed by Ross (1977). *Signaling theory* explains that good financial statements are a signal or a sign that the company has also been operating well. The manager is obliged to give a signal regarding the condition of the company to the owner as a form of responsibility for managing the company. The signal theory explains why the company has the urge to provide financial statement information to external parties. The impetus of the company to provide information is because there is information asymmetry between the company and outsiders because the company knows more about the company and prospects to come than outside parties, especially investors and creditors.

➤ *Rating of Bank Soundness Level*

According to POJK Financial Services Authority Regulation No. 14 / SEOJK.03 / 2017 concerning Bank rating is an assessment using a risk based approach or RBBR(*riskbased bank rating*),both individually and on a consolidated basis, the scope of assessment includes a risk profile factors(*riskprofile*),Governance, earnings (*earnings*), and capital (*capital*) to produce a composite rating of Bank Soundness.

➤ *Rating of BankBank*

Sound Level Composite RatingSound Level Composite Rating is determined based on a comprehensive and structured analysis of the ranking of each factor and by taking into account the general principles of rating of Bank Soundness. In conducting a comprehensive analysis, the Bank needs to consider the ability to deal with significant changes in external conditions.

Determination of Composite Rating is categorized in 5 (five) Composite Ratings namely Composite Rating 1 (PK-1), Composite Rating 2 (PK-2), Composite Rating 3 (PK-3), Composite Rating 4 (PK-4), and Ranking Composite 5 (PK-5). The smaller Composite Ranking sequence reflects the healthier condition of the Bank. Composite Rating is determined based on Appendix II.1. Circular of Financial Services Authority

➤ *Profitability*

Profitability according to KR Subramanyam (2010: 09), "a summary of the net results of operating activities in a certain period stated in financial terms". Profitability is the result of profits earned by the company in a certain period in which the profits of a company associated with all sales, capital and shares, where the profits are measured in an indication of the company's sales in order to get profits or profits derived from sales. . Bank profitability is reflected in the profitability ratio. Profitability ratios are ratios used to measure and analyze the level of business efficiency and profitability achieved by a bank. This research will be tested on the ratio of *Return on Assets (ROA)*, *Return on Equity (ROE)*, and the ratio of operational costs.

➤ *Previous Research*

So far, the authors have not found any research that shows how the relationship between the level of bank health with the bank's composite health rating measure and profitability with the ROA and ROE measures in conventional commercial banks. However, there is a research reference of Munir's research (2017) which still uses the CAMEL ratio in measuring the soundness of a bank by researching "CAMEL ratio on profitability banking performance (Malaysia versus Indonesia) with the results of CAMEL analysis research significantly correlated with profitability. This study uses 114 samples (10 banks in Malaysia and 9 banks in Indonesia) from 2010 to 2015.

Then Said (2017) about "Performance and Financial Ratios of Commercial Banks in Malaysia and China" using the dependent variable ROA and ROE and Independent variables liquidity risk, credit risk, capital, operating expenses and size conclude that the credit risk variable is negatively related to ROA for banks in both countries. However, for ROE, credit risk is negatively related to the profitability of Malaysian banks. The effect of capital on bank performance varies somewhat. The strength of capital and ROA from the profitability of Chinese banks is positively and significantly related. Whereas negative operational costs are significantly related to bank performance in both countries when performance is measured by ROA. When ROE is used as a performance measure, this relationship only applies to China.

Echekoba researchers, Egbunike and Kasie (2014) on "Determinant of bank profitability in Nigeria also used the CAMEL model to examine the soundness of banks and then the instrument for measuring profitability with ROA ratios. In his research shows that liquidity has a significant effect on profitability.

Ponto, Lambe and Tumiwa (2018) researchers on "The Influential Risk Based Bank Rating Method on Profitability of Own Private Banks in Indonesia" using CAMELS as a measure of bank health and ROA as a

measure of profitability. The results showed that the results of credit risk and liquidity risk affect profitability.

Other Research Petria (2013) examines "Determinants of banks' profitability: evidence from EU 27 banking systems" analyzing the main determinants of bank profitability in EU27 concluded that credit risk and liquidity, management efficiency, business diversification, market concentration / competition and economic growth have influence on bank profitability, both on ROA and ROE.

Researcher Aldi, Muhammad (2015) in a study on "The Effect of BOPO, NIM, CAR, and LDR on Profitability" In his research concluded that NIM, CAR and BOPO significantly influence profitability. Then the researchers also concluded that the managerial performance of the company is said to be good if profitability is managed very high and managed to the maximum where profitability is a measure of company success.

Then Menicucci & Paolucci (2016) about "Determinant of bank profitability in European Bank Sector". Researchers use the dependent variable ROA, ROE and NIM while the independent variable uses Size, Capital Ratio, Loans, Deposits. According to Menicucci & Paolucci (2016) there is a positive correlation of capital ratios and bank profitability that are measured using ROE, ROA and NIM. In his research concluded the bank's profitability performance shows the success of management and is one of the most important performance indicators for investors. Menicucci & Paolucci (2016) also discusses that high loan losses will cause profitability to be lower subsequently if high company costs will result in impaired profitability.

➤ *Thinking Framework*

Based on the theoretical basis and the problems raised, the following is presented a conceptual framework as outlined in the research model as shown in the following figure:

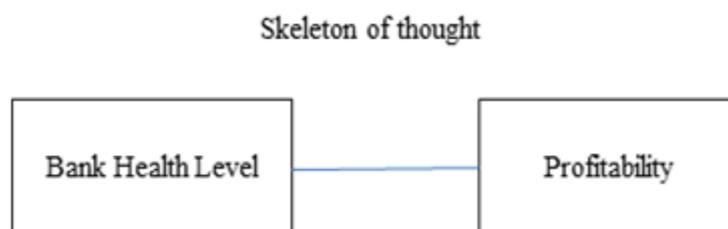


Fig 1

➤ *Hypothesis Development*

The level of soundness of a bank is a part of risk analysis to detect past, present and future financial statements. explain the assets and liabilities of the bank to increase profitability from internal and external. Assessment of bank soundness can also help management make decisions to improve company performance (Munir,

2017). To see whether the application of bank soundness is good or not can be assessed from a composite rating of the rating of bank health based on what has been issued by the Financial Services Authority, which is very healthy, healthy, quite healthy, less healthy and unhealthy.

In addition, in the study Aldi (2015) in the study concluded that the managerial performance of the company is said to be good if profitability is managed very high and managed with a maximum where profitability is a measure of company success. Then Menicucci & Paolucci, (2016) also in their research concluded that the bank's profitability performance shows management's success and is one of the most important performance indicators for investors. Menicucci & Paolucci (2016) also mentioned that high loan losses will cause profitability to be lower subsequently if high company costs will result in impaired profitability. It can be concluded if the company's poor performance will cause profitability is also bad. The following research hypotheses are presented as follows:

Ha: Company profitability for composite ranking assesses the level of soundness of a very healthy bank is higher than the profitability of companies for composite ranking rating for rating lower health level.

III. RESEARCH METHODOLOGY

This research is a quantitative descriptive study, which explains the effect of bank soundness based on the method *Risk Based Rating* with a composite rating value as an independent variable on profitability as a dependent variable measured by ROA and ROE. In this study the authors use secondary data derived from annual financial reports (*annual reports*) of conventional banking companies listed on the Indonesia Stock Exchange (BEI) in 2016-2018 which can be accessed on the IDX site directly namely <http://www.idx.co.id> and <http://kinerjabank.com>

➤ *Population and Samples*

The population in this study are all companies in the conventional banking sector which are listed on the

Indonesia Stock Exchange (BEI) from 2016 to 2018. The sampling technique in this study uses *purposive sampling*, namely sampling with certain criteria. Here is a sample of criteria that will be used in this study:

- Bank to be studied is a conventional commercial bank listed on the Indonesia Stock Exchange (IDX) during the last 3 years (2016-2018)
- issue financial statements that have been reported and published
- photo out of stock for the last 3 years (2016-2018)

➤ *Operationalization of Dependent Variables*

- *Variable the Dependent*
variable in this study is profitability. This variable was measured by using indicators ROA dan ROE details are as follows:

a. *Return on Assets (ROA)*

$$\frac{\text{Profit before tax}}{\text{Average RatatotalAset}} \times 100\%$$

b. *Return On Equity (ROE)*

$$\frac{\text{Profit after tax}}{\text{Average Ratamodalinti}} \times 100\%$$

Rating of banks are calculated in accordance with the regulatory authorities Financial Services No.14 / SEOJK.03 / 2017, which is a composite rating of the bank's health level consisting of five types of ratings, namely rank 1 is very healthy, rank 2 is healthy, rank 3 is quite healthy, rank 4 is unhealthy, and rank 5 is unhealthy.

IV. RESEARCH RESULTS

➤ *Test Results*

		Unstandardized Residual	Unstandardized Residual
		ROA	ROE
N		96	96
Normal Parameters ^a	Mean	.0000000	.0000000
	Std. Deviation	.01640417	.15040898
Most Extreme Differences	Absolute	.117	.184
	Positive	.106	.143
	Negative	-.117	-.184
Kolmogorov-Smirnov Z		1,150	1,807
Asymp. Sig. (2-tailed)		.142	.003

Table 1:- Kolmogorov-Smirnov One-Sample Normality Test

In Table 1 can be seen significant value in return on assets test for normality using the Kolmogorov-Smirnov test (KS test) or $\alpha > 0.05$ is equal to 0.142 and 0.157. That way, it can be concluded that the data in research on ROA

is normally distributed. While the normality test on ROE by using the Kolmogorov-Smirnov test (KS Test) or $\alpha < 0.05$ which is equal to 0.003 can be concluded that the data in the study on ROE is not normally distributed.

Model		ROA		ROE	
		collinearityStatistics		collinearityStatistics	
		Tolerance	VIF	Tolerance	VIF
1	(Constant)				
	Banks Healthy	.333	3.000	.333	3.000
	Banks Fit	.339	2,947	.339	2,947
	BanksLess Healthy	.898.	1,113	898	1.113

Table 2:- Multicollinearity Test Results

From table 2 it can be seen that all independent variables namely Healthy TKB, Fairly Healthy TKB, and Less Healthy TKB have tolerance values greater than 0.10 and VIF values less than 10. So, it can be concluded

that there are no symptoms of multicollinearity between independent variable, which means all the independent variables in this study do not have a close relationship with each other.

Model		ROA		ROE
		t	Sig.	t
1	(Constant)	1,741	.085	4,471
	Soundness of Healthy Bank	.421	.675	-2,816
	Soundness of Fairly Healthy Bank	2,034	.045	-.627 Lesser
	Soundness of Bank Poorly	-.580	.563	-1.490

Table 3:- Heteroscedasticity Test Results with Glejser Test

In table 3 above it can be seen that Healthy TKB variables, Fairly Healthy TKB and Less Healthy TKB on ROA and ROE have significance values greater than 0.05

meaning that there is no heteroscedasticity problem because these variables have a significance value of more than 0.05.

SummaryModel					
	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
ROA	.639 ^a	.408	.389	.0166695	1.523
ROE	.624 ^a	.389	.370	.1528416	1821

Table 4:- Results of autocorrelation test

From table 4 above, it can be seen that the Durbin-Watson (DW) in ROE and ROA are 1,523, 1,821 and 1,525 which means that it is between -2 to +2, so it can be concluded that there is no autokoleration or there is no correlation between data based on time sequence and the regression model for this study is acceptable.

➤ *Multiple Linear Regression Analysis Multiple*

linear regression models are formulated to test the relationship between the level of bank health and bank profitability with ROA and ROE indicators with the following details:

$$ROA = \alpha + \beta_1(TKB_S) + \beta_2(TKB_CS) + \beta_3(TKB_KS) + \beta_4(TKB_TS) + e$$

$$ROE = \alpha + \beta_1(TKB_S) + \beta_2(TKB_CS) + \beta_3(TKB_KS) + \beta_4(TKB_TS) + e$$

Note:

ROA = Return On Assetset

ROE = Return On Equity

a = Constant

TKB_S = Value 1 if TKB is healthy, 0 if other

TKB_CS = Value 1 if TKB is healthy enough, 0 if others

PK_KS = Value 1 if TKB is unwell, 0 if other

PK_TS = Value 1 if TKB is not healthy, 0 if others

e = standard error or error

Coefficients ^a				
Model		Unstandardized Coefficients	t	Sig.
		B		
1	(Constant)	.032	5.438	.000
	Healthy Banks	-.016	-2525	.013
	BanksFit	-.029	-4265	.000
	Banks Less Healthy	-.127	-7186	.000
F		21,120		.000
Adj R2		0.389		

Table 5:- Multiple Linear Regression Model ROA

Based on the above table, the following regression coefficients are obtained:

$$ROA = 0.032 - 0.016 (TKB_S) - 0.029 (TKB_CS) - 0.127 (TKB_KS) + e$$

From the above equation, the following results are obtained:

- *Constants (a)*
Meaning , if all independent variables have a value of zero (0) then the value of the dependent variable is 0.032.
- *Healthy Bank Soundness Value*
When a company is given a healthy soundness value, then the soundness rating of a very healthy bank is 0.016 lower than the sample whose value of bank soundness is very healthy and the difference is statistically significant. This means that the ROA of a company that is rated as very healthy by the bank is 0.016 different from the ROA of a company that is rated as healthy and statistically significant.
- *Value of Soundness of Bank Sounds Fairly Healthy*
When a company is given a rating of Soundness of Bank Sounding fairly healthy, then the value of

soundness of bank soundness is very healthy different 0.029 lower than the sample which value of Soundness of Bank Sounding is quite healthy and the difference is statistically significant. This means that the ROA of a company that is rated as very healthy by the bank is 0.029 different from the ROA of a company that is rated as healthy by the Bank and is statistically significant.

- *Value of soundness of unhealthy banks*
When a company is given a rating of soundness of unhealthy banks, the value of soundness of banks is very healthy is different 0.127 lower than the sample whose soundness level of banks is less healthy and the difference is statistically significant. That is, the ROA of a company given a very good self-assessment value is different from 0.127 from the ROA of a company that is rated as less healthy by the bank, and the difference is statistically significant.

From the table above it can be seen that the significance value of F or α is $0.00 < 0.05$ which means the hypothesis is accepted. So it can be concluded that ROA for healthier bank soundness is higher than ROA for lower bank soundness level. Based on the above analysis, there is a R square value of 0.389, which means that the level of bank soundness to ROA is 38.90%

Coefficients ^a				
Model		Unstandardized Coefficients	t	Sig.
		B		
1	(Constant)	.274	5,068	.000
	Soundness of a Healthy Bank	-.193	-3.368	.001
	Soundness of a Fairly Healthy Bank	-.301	-4.791	.000
	Soundness of a Less Healthy Bank	-1.111	-6.852	.000
F		19.561		.000
Adj R2		0.370		

Table 6:- Multiple Linear Regression Model ROE

Based on the above table, the following regression coefficients are obtained:

$$\text{ROE} = 0.274 - 0.193 (\text{TKB}_S) - 0.301 (\text{TKB}_{CS}) - 1.111 (\text{TKB}_{KS}) + e$$

From the above equation, the following results are obtained:

- *Constants (a)*

Meaning, if all independent variables have a value of zero (0) then the value of the dependent variable is 0.274.

- *Value of Soundness of Healthy Banks*

When a company is given a soundness rating of healthy banks, the value of soundness of banks is very healthy different 0.193 lower than the sample which value of soundness of banks is very healthy and the difference is statistically significant. very healthy banks differ from 0.193 from corporate ROE which is rated healthy and not statistically significant.

- *Value of Soundness of Bank Fairly Healthy*

When a company is given a rating of Soundness of Bank Sounding fairly healthy, then the value of soundness of bank soundness is very healthy different 0.301 lower than the sample which value of Soundness of Banks is sound enough and the difference is statistically significant. This means that the ROE of a company that is rated as sound by a bank is very healthy is 0.301 different from the ROE of a company that is rated by the Soundness of a Bank as quite healthy and the difference is not statistically significant.

- *Value of soundness of unhealthy banks*

When a company is given a rating of soundness of unhealthy banks, then the value of soundness of banks is very healthy differ 1,111 lower than the sample whose value of soundness of banks is less healthy and the difference is statistically significant. That is, the ROE of a company given a very good self-assessment score differs from 1.111 from a company ROE that is rated a less healthy bank soundness, and the difference is not statistically significant.

From the table above it can be seen that the significance value F or α is $0.000 < 0.05$ which means the hypothesis is accepted. So it can be concluded that ROE for healthier bank soundness is higher than ROE for lower bank soundness level. Based on the above analysis, there is an R square value of 0.370, which means that the level of bank soundness to ROA is 37.00%.

V. CONCLUSION

This study aims to determine the relationship between the level of bank health with bank profitability calculated by the ROA and ROE indicators with different composite ratings. Based on the results of research and discussion that have been presented, it can be seen that the profitability of companies for a healthier bank soundness is higher than the profitability of companies for a lower soundness of banks. That is, companies that have

different levels of bank soundness quality, have different company profitability as well. The better the level of company health, the higher the company's profitability. Conversely, the worse the level of company health, the lower the company's profitability.

RESEARCH IMPLICATIONS

Based on the results of the study the following theoretical and practical implications are as follows:

A. Theoretical Implications

This research has proven that the healthier the level of corporate health, the higher the level of bank profitability. Conversely, the more unhealthy the soundness of a company's bank, the lower the company's profitability. This reinforces previous research, Aldi (2015) that managerial performance of the company is said to be good if profitability is managed very high and managed to the maximum where profitability is a benchmark of company success and Menicucci, E., & Paolucci, G. (2016) that profitability performance The bank shows management's success and is one of the most important performance indicators for investors. Menicucci, E., & Paolucci, G. (2016) also mentioned that high loan losses will cause profitability to be lower subsequently if high company costs will cause profitability to be disrupted.

B. Practical Implications

The results of the study show that the profitability of ROA indicator companies with very healthy soundness values is statistically significant difference from healthy health levels. While the profitability of companies with very good levels of bank health is statistically significant difference from the level of soundness of banks is quite good and not good. This means that companies that have different levels of health, have different company profitability. The better the level of bank health, the greater the company's profitability. Conversely, the worse the application of bank soundness, the smaller the company's profitability. It can be seen in the attachment of composite rating data for the rating of banking companies, such as Bank Central Asia Tbk that was ranked 1 for 2016-2018 which means that Bank Central Asia Tbk's profitability is very high. And the results of Bank Central Asia Tbk's ROA percentage are also quite high for 2016 and 2018, while in Banten Regional Development Bank for 2016 it is rated 4, which means the composite rating for health is less healthy. And the results of the ROA percentage of the Regional Development Bank Banten Tbk is also quite low, amounting to -9.58% for 2016.

The results showed that the profitability of the ROE indicator company with a very healthy soundness value is not statistically significant difference with a healthy level of health. While the profitability of companies with the level of bank soundness is very good the difference is not statistically significant with the level of bank soundness is quite good and not good. It means companies that have

different levels of health, have different company profitability as well. The better the soundness of the bank, the greater the profitability of the company. Conversely, the worse the application of the soundness of the bank, the smaller the profitability of the company. It can be seen in the attachment of the composite rating data for the rating of banking companies, such as Bank Central Asia Tbk that was ranked 1 for 2016-2018, which means that Bank Central Asia Tbk's profits were very high. And the results of Bank Central Asia Tbk's ROE percentage are also quite high at 2016 and 2018, whereas at Banten Regional Development Bank in 2016 they are rated 4, which means the composite rating for health is less healthy. And the ROE percentage results of the Bank Pembangunan Daerah Banten Tbk are also quite low at -83.79% for 2016.

RESEARCH LIMITATIONS

Researchers are aware that there are still many shortcomings contained in this study due to various limitations, among others:

- Selection of variable gauges can be measured by others such as measurement for profitability can use other regulations or with other alternatives.
- Sample selection can be done by selecting samples at Islamic banks and at BPR banks by completing this study

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