

THE INFLUENCE OF INTERNAL AND EXTERNAL FACTORS AS AN EXPLANATION OF CHANGES IN NON-PERFORMING FINANCING AT BANK BNI SYARIAH

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ABSTRACT

The purpose of this research is to analyze the influence of internal variables including Financing to Deposit Ratio (FDR), Capital Adequacy Ratio (CAR), Operational Costs to Operating Income (BOPO), and external variables, including Inflation and value of the exchange rate on Non-Performing Financing (NPF). The data used is secondary data obtained from financial statements from Bank BNI Syariah and Central Statistics Agency. The type of data analyzed is time series quarter period last ten years, from 2011 to 2020. The data analysis method is carried out using multiple regression with SPSS version 26. The results of this study found together the Financing to Deposit Ratio variables (FDR), Capital Adequacy Ratio (CAR), Operating Costs to Operating Income (BOPO), Inflation, and Exchange Rates have a significant effect on Non-Performing Financing (NPF). Meanwhile, the partial Financing to Deposit Ratio (FDR) variable has a negative and insignificant effect on Non-Performing Financing (NPF). Likewise, Operational Costs on Operating Income (BOPO) have a positive and insignificant effect on Non-Performing Financing (NPF). Meanwhile, Capital Adequacy Ratio (CAR) and Inflation have a positive and significant effect on Non-Performing Financing (NPF). However, the exchange rate has a negative and significant effect on Non-Performing Financing (NPF). The conclusions were tested together with variables Financing to Deposit Ratio (FDR), Capital Adequacy Ratio (CAR), Operating Costs to Operating Income (BOPO), Inflation, and Exchange rates have a significant effect on Non-Performing Financing (NPF) at Bank BNI Syariah.

Keywords: Internal Factors; External Factors; Non Performing Financing; Bank BNI Syariah.

ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh variabel internal meliputi: *Financing to Deposit Ratio (FDR)*, *Capital Adequacy Ratio (CAR)*, *Biaya Operasional terhadap Pendapatan Operasional (BOPO)*, dan variabel eksternal, meliputi: *Inflasi* dan *nilai Kurs terhadap Non-Performing Financing (NPF)*. Data yang digunakan adalah data sekunder yang diperoleh dari laporan keuangan bank BNI Syariah dan Badan Pusat Statistik. Jenis data yang dianalisis adalah *time series* periode triwulan selama sepuluh tahun terakhir, dari tahun 2011 sampai dengan tahun 2020. Metode analisis data dilakukan dengan menggunakan regresi berganda dengan bantuan SPSS versi 26. Hasil penelitian ditemukan bahwa secara bersama-sama variabel *Financing to Deposit Ratio (FDR)*, *Capital Adequacy Ratio (CAR)*, *Biaya Operasional terhadap Pendapatan Operasional (BOPO)*, *Inflasi* dan *nilai Kurs* berpengaruh signifikan terhadap *Non-Performing Financing (NPF)*. Sementara, secara parsial variabel *Financing to Deposit Ratio (FDR)* berpengaruh negative dan tidak signifikan terhadap *Non-Performing Financing (NPF)*. Demikian pula dengan *Biaya Operasional terhadap Pendapatan Operasional (BOPO)* berpengaruh positif dan tidak signifikan terhadap *Non-Performing Financing (NPF)*. Sementara, *Capital Adequacy Ratio (CAR)* dan *Inflasi* berpengaruh positif dan signifikan terhadap *Non-Performing Financing (NPF)*. Namun, *nilai Kurs* berpengaruh negative dan signifikan terhadap *Non-Performing Financing (NPF)*. Kesimpulan secara diuji bersama-sama variabel *Financing to Deposit Ratio (FDR)*, *Capital Adequacy Ratio (CAR)*, *Biaya Operasional terhadap Pendapatan Operasional (BOPO)*, *Inflasi* dan *nilai Kurs* berpengaruh signifikan terhadap *Non-Performing Financing (NPF)* di Bank BNI Syariah.

Kata Kunci: Faktor Internal; Faktor Eksternal; Non-Performing Financing; Bank BNI Syariah

INTRODUCTION

Banking institutions have an important and strategic position in supporting the economic growth of a country. The existence of banks in the economy can support funding needs and support smooth transaction activities (Wiwoho, 2014). The main activity of banks is to function as a bridge between the flow of funds from people who have excess funds to other people who need funds, both for consumption needs and for working capital needs (Wiwoho, 2014).

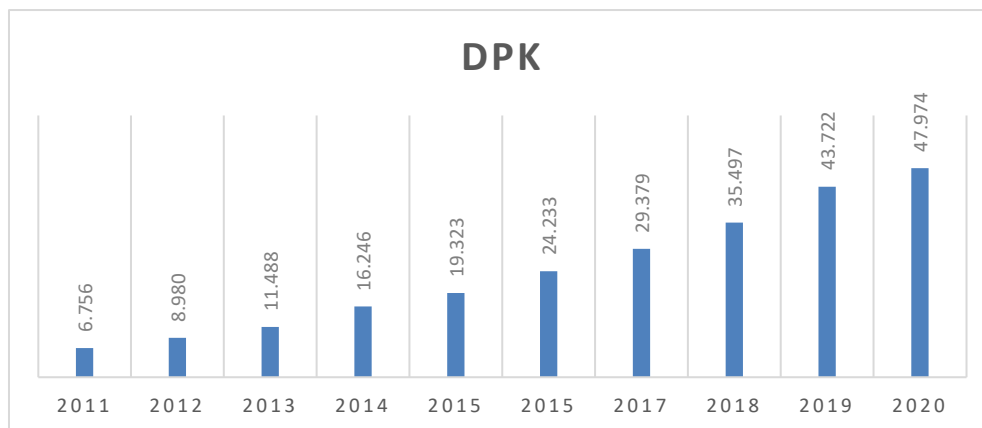
Recognizing the importance of the bank's function in supporting community economic activities, the government hopes to continue to create a climate that can support the growth of the banking sector in Indonesia, including strengthening the regulatory aspects. Strengthening the banking sector will be a strong capital in encouraging economic growth (Firdausy, 2018). In Indonesia, the number of Islamic banks continues to increase, both in terms of the number of institutions and in terms of total assets. Islamic banks are not only growing in terms of quantity but also growing in terms of the number of products accompanied by quality improvements (Erik, 2016). Islamic banks in Indonesia carry out their functions the same as conventional banks, namely collecting funds from the public, then channeling them back to the community through financing contracts or other contracts (Andrianto & Firmansyah, 2019). However, in the Islamic banking management system there are very basic differences from conventional banks, thus making the public's perception of Islamic banks also different (Mukti, 2019). The system applied to Islamic

banks is not an interesting system, as is practiced in conventional banks which in Islam's view is haram, but Islamic banks apply a profit-sharing system. This system is considered to be in line with the values recommended in Islam (Mukti, 2019). Therefore, the Islamic brand that is attached to Islamic banks is an important attribute for the Muslim community. Thus, the application of sharia values, of course, becomes an important capital that can strengthen the competitiveness of Islamic banks in the midst of society.

The existence of conformity between the principles applied to Islamic banks and the values recommended in Islam, becomes an important capital in attracting public interest to place their funds in Islamic banks, especially by the Muslim community, because the principles built are in line with noble values. which Muslims believe. In the teachings of Islam, there is a very strict prohibition in carrying out practices that contain usury. One of the arguments in the Qur'an that alludes to the prohibition of the practice of usury is surah Ali Imran verse 130 which means, "*O you who believe, do not eat usury doubled and fear Allah so that you will get good luck.*" (Ghofur, 2016). Riba is an addition that is taken not accompanied by an exchange (Ghofur, 2016). If you refer to this view, then the interest system that applies to conventional banks is a practice that is included in the category of usury, because it takes additional money, without being based on exchange. Taking additional without having to consider the conditions experienced by the fund manager. This practice is considered unfair because it does not uphold the principle of balance. In contrast to the system applied to Islamic banks, namely the profit-sharing system. This system highly upholds the values of justice and a balance (Ghofur, 2016).

The application of a profit-sharing system in Islamic banking has become a part of strengthening the competitiveness of Islamic banks because this practice can be a solution for people who always try to avoid usury (Juliana & Mulazid, 2017). The presence of Islamic banks with a number of advantages is the hope of most Muslims. From a number of advantages and at the same time as a differentiator is an important capital in strengthening the competitiveness of Islamic banks. This can be seen from the growth of third-party funds at Bank BNI Syariah which tend to increase in the last decade, as can be seen in figure 1.

Figure 1. Graph of the increase in Total Assets and Third Party Funds at BNI Syariah Bank for the period 2011-2020 (In Billion Rupiah)

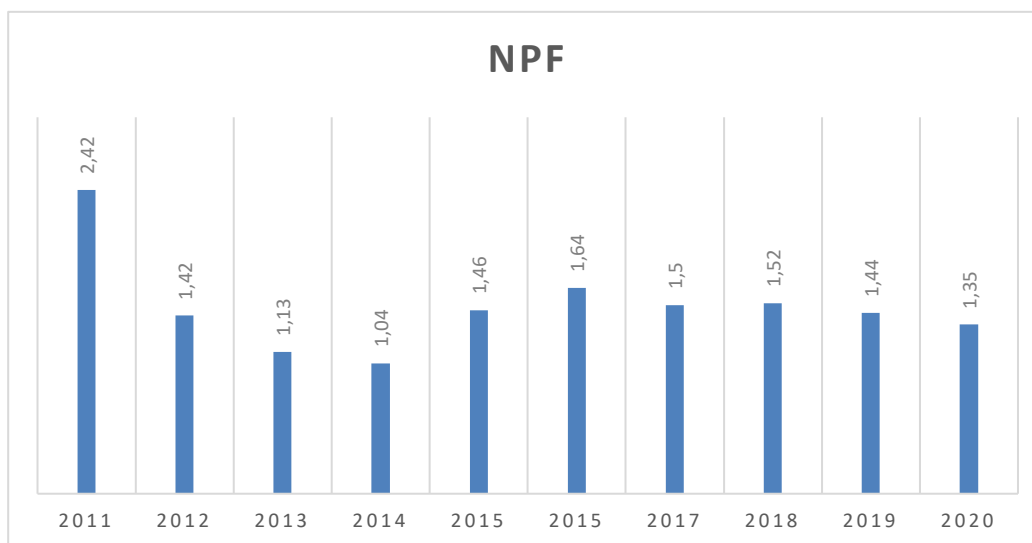


Source: BNI Syariah Bank Financial Report, 2011-2020

The consistent growth in the value of BNI Syariah's bank assets from year to year, as can be seen in the diagram above, is an indication that the performance of Islamic banks is quite good. This condition also reflects that public trust in BNI Syariah banks is quite good. The increasing number of third party funds in the company, becomes an important capital in supporting the improvement of the company's performance, because there are sufficient funds that can be used to serve various requests for financing by the public, so that this situation can encourage an increase in the amount of profit earned by the company (Sukma, 2013). If the amount of disbursement of funds through financing programs tends to increase and there are not many traffic jams, it can increase company profits (Rohaeni & Ermawati, 2016). However, financing activities by banks are often faced with bad credit problems. A large number of bad loans will be a source of problems for the company because bad loans are part of the bank's operational risk which will have an impact on the value of assets of the bank (Fauzi, 2018).

The number of bad loans can be measured by the ratio of the Non-Performing Financing (NPF) (E. P. Putri, 2015). The higher the NPF ratio, the higher the risk experienced by the bank, due to a large number of uncollected funds (E. P. Putri, 2015). This, in an effort to control the health condition of a bank, Bank Indonesia has set a maximum limit on the NPF ratio, which is 5 percent (Peraturan Bank Indonesia et al., 2021). Regulations. If the NPF ratio exceeds 5 percent, then the bank is declared unhealthy, so the ability to in earning profits will decrease. Data on the ratio of Non-Performing Financing at Bank BNI Syariah for the period 2011-2020 can be seen in figure 2.

Figure 2. Graph of NPF development at BNI Syariah Bank for the 2011-2020 period.



Source: BNI Syariah Bank Financial Report, 2011-2020.

Based on the diagram above, shows that the movement of the NPF ratio of BNI Syariah Bank from 2011 to 2020 tends to move in a fluctuating manner. However, the position of the figure remains in a safe position, which is below 5 percent (Bank Indonesia, 2018). However, to improve the soundness of banks, the NPF ratio must still be attempted to be lowered. However, in maintaining the bank's soundness level, it is not only important to maintain the NPF ratio, but it is also important to pay attention to the FDR (Financing to Deposit Ratio) ratio. The FDR ratio is the amount of financing deployed by banks that are sourced from third-party funds (Bank Indonesia, 2021). The FDR ratio is an indicator of maintaining the level of liquidity and achieving optimal performance (Aliska, 2013). The FDR ratio is usually used to see the level of success of banks in carrying out their business activities (Aliska, 2013). In addition, FDR is also used as an indicator in assessing the potential risk level of a bank (Aliska, 2013). The FDR ratio recommended by Bank Indonesia is 110 percent (Bank Indonesia, 2021). If you look at the FDR value at BNI Syariah Bank from 2011 to 2020, it is below 110 percent, as can be seen in Table 1.

Table 1. Data on FDR, CAR, and BOPO of BNI Syariah Bank Period 2011-2020

Year	FDR (%)	CAR (%)	BOPO (%)
2011	78,6	20,67	90,89
2012	84,99	19,07	88,79
2013	97,86	16,23	88,11
2014	92,6	16,26	89,8
2015	91,94	15,48	89,63
2016	84,57	14,92	86,88
2017	80,21	20,14	87,62
2018	79,62	19,31	85,37
2019	74,31	18,88	81,26
2020	68,79	21,36	84,06

Source: BNI Syariah Bank Financial Report, 2011-2020

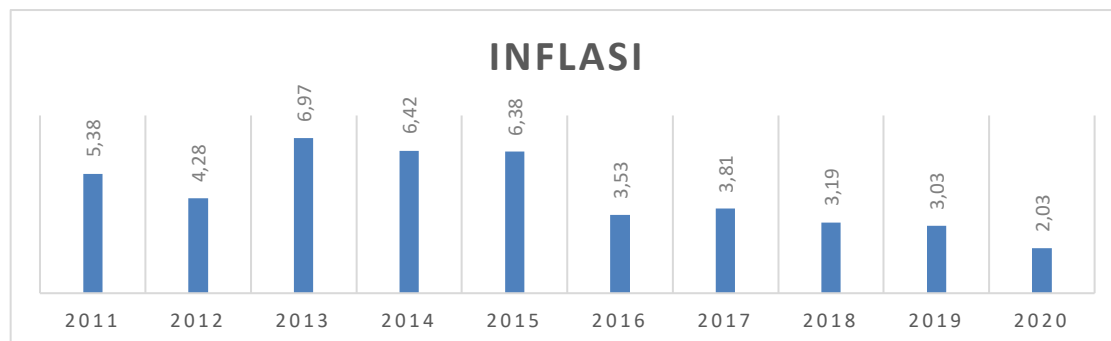
Based on the data in table 1, it shows that the FDR value of BNI Syariah banks from 2011 to 2013 continues to grow. However, from 2013 to 2020 it decreased. Although the FDR ratio moves inconsistently, the movement is still in a safe position, because it remains in a position of less than 110 percent. Meanwhile, the CAR value from 2011 to 2016 continued to decline. However, in 2017 it rose again, but in the following year, it continued to decline until 2020 (BNI Syariah, 2020). Although the CAR value does not consistently grow, CAR value will always remain in the range of 110 percent (Bank Indonesia, 2021). This value means that the bank's health condition is still in a safe position. Capital Adequacy Ratio (CAR) or capital adequacy ratio is the ratio of meeting the minimum capital adequacy that must be owned by banks bank (Nur Khasanah Sebatiningrum, 2012). Fulfillment of capital adequacy is very important for banks in order to anticipate the risk of loss caused by default on financing that has been given to customers (Farida, 2012). A high CAR value is a reflection of the success of bank management in managing its risk, the higher the CAR ratio, the more stable the bank. (Hidayati, 2012). Therefore, a high CAR value will of course always have a good impact on banks, so that they can contribute to profitability growth. But on the other hand, a high CAR value can encourage bank management to over-finance with the assumption that sufficient funds are available (Ismaulina, Ayu Wulansari, 2020). This situation, of course, has a high potential risk that can be caused by non-performing financing.

Currently, the minimum value of the CAR ratio allowed by Bank Indonesia is 8 percent of the value of the Risk Weighted Assets (Bank Indonesia, 2021).

Maintaining the soundness of the bank is not enough to only maintain the stability of the CAR ratio, but the BOPO ratio is also a part that must be strived to be in an ideal position (Wahyuningsih & Gunawan, 2017). BOPO (Operating Costs to Operating Income) is closely related to the activities of collecting and distributing funds in a bank (Fitriyanti, 2016). Where BOPO is a bank efficiency ratio used to measure the level of operating expenses to the operating income (Dalimunthe, 2019). The BOPO value is an illustration of how much the bank's ability to manage its operational expenses (N. K. A. P. Putri et al., 2018). A high BOPO value indicates that risk management at the bank is not running efficiently. On the contrary, if the BOPO value is small, it reflects that the management of operational costs is running effectively so that non-performing financing will be lower and the profits obtained by the bank will be even greater (Permatasari & Utiyati, 2018). If you pay attention to the movement of the BOPO data of Bank BNI Syariah in table 1 above, it turns out that it tends to fluctuate in the last decade. Nevertheless, the BOPO ratio at Bank BNI in 2011 was still relatively healthy, at 90.89 percent, exceeding the standard set by Bank Indonesia, which was 90 percent (BNI Syariah, 2020). This condition shows that BNI Syariah Bank is able to manage its operational expenses well so that the tendency for non-performing financing will be low.

When considered, the movement of data between NPF and FDR shows a movement pattern that tends to be opposite. This phenomenon indicates that the movement of FDR tends to be responded to by the NPF. Likewise, the CAR variable also tends to have a movement pattern that is almost the same as FDR. However, it is different from the BOPO variable which tends to fluctuate. However, the NPF is not only influenced by internal factors but the NPF value can also be influenced by external factors, in the form of the rate of inflation (Prastyo, 2021). Inflation growth will make the real income of the community decline so that the demand for various types of goods and services also decreases. If demand decreases, the company will respond by reducing its production, so that the company's income and the people who carry out buying and selling activities decrease (Khodijah Ishak, 2007). On the other hand, people's spending exceeds spending from normal time. Thus, this situation will reduce the ability of the debtor to complete his financing installments (Silitonga, 2021). The movement of the inflation growth rate in Indonesia in the last ten years can be seen in diagram 3 below:

**Figure 3. Diagram of Inflation Developments in Indonesia for the Period
2011-2020**

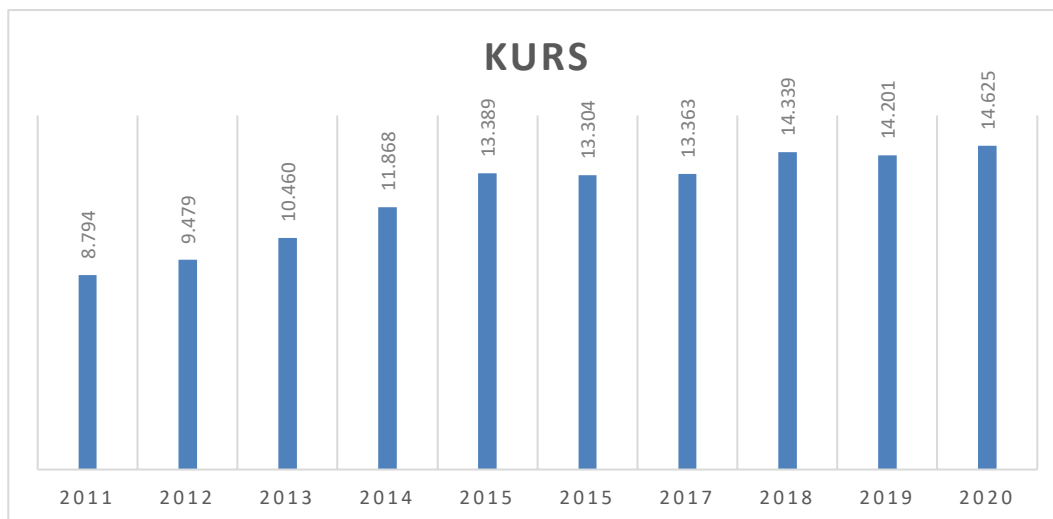


Source: Central Bureau of Statistics, 2011-2020

Based on the diagram above, shows that the movement of the inflation rate in Indonesia from 2011 to 2015 tends to be volatile. However, from 2016 to 2020 it tends to decline (Indonesia, 2020). This situation is a positive signal in the economy, related to increasing people's purchasing power, so as to encourage increased economic activity. Therefore, the income of the community will increase, so the ability of the community to complete various obligations will also increase.

Movements in the inflation rate often also occur because it is influenced by movements in the exchange rate of the domestic currency against foreign currencies (Exchange rate). If the domestic currency exchange rate (Rupiah) tends to depreciate against foreign currencies (US Dollars), it indicates that the economic condition is unstable. This situation was triggered by the high demand for foreign currency (US dollars), both for imports and for the payment of the foreign debt, which are currently very reasonable in amount, amounting to 417.5 billion US dollars in April 2022 (Bank Indonesia, 2020). The rupiah exchange rate which tends to depreciate against foreign currencies (US\$) will make the price of imported goods expensive. Meanwhile, Indonesia is a country that imports a lot. In December 2021, the value of Indonesia's imports was recorded at 21.36 billion US dollar (Badan Pusat Statistical Indonesia, 2020). The increase in the price of imported goods tends to be followed by the price of domestic goods, and if it is experienced by many goods, the movement of the inflation rate will increase. Thus, the situation will put pressure on the national economy, as a result of the decline in people's purchasing power. This situation will make economic activity slow down again and economic growth will decline and people's income will also decrease. Therefore, the growth of inflation will reduce the ability of debtors to settle their various obligations.

**Figure 4. Diagram of the Development of the Central Rupiah Exchange Rate US Dollar
Period 2011-2020**



Source: Central Bureau of Statistics, 2011-2020

In addition to inflation, the exchange rate is also one of the factors that have considerable potential in increasing bad credit. Exchange rate movements will have a broad impact on the economy, especially when the value of the domestic currency depreciates will have a negative impact on the economy. The weakening of the rupiah exchange rate against foreign currencies (US Dollars) can trigger inflation as a result of rising prices of imported goods which also tend to be followed by rising prices of domestic goods. Data on the development of the Rupiah Exchange Rate against the United States Dollar (Exchange rate) can be seen in figure 4.

Based on the data in the diagram above, shows that the movement of the US Dollar middle rupiah exchange rate in the last ten years, from 2011 to 2020 tends to weaken (Badan Pusat Statistical Indonesia, 2020). The rupiah exchange rate that tends to weaken will affect the ability of bank debtors to settle their obligations so that it can result in an increase in the value of the NPF (Non-Performing Financing) ratio in banks. Based on the existing data and theory, it is strongly suspected that internal and external factors have an influence on the NPF. This view is also supported by several previous research results, including research conducted by Atikah Nur Fitriyanti (2016), it was found that CAR, BOPO, and inflation had a positive and significant effect on NPL at BRI, BNI, and Bank Mandiri in the period 2002 – 2014. Similarly, the results of research conducted by Doni Hari Prastyo (2021) found that inflation has a positive effect on NPF, while BOPO has a negative effect on NPF. Research by Elsa Pradika Putri (2015) found that the CAR

variable has a positive effect on NPF in conventional banks in the short and long term. Meanwhile, in the short term, the CAR variable has no significant effect on NPF, but in the long term, CAR has a negative effect on NPF in Islamic Banks. Meanwhile, the inflation variable in the short and long term has no effect on the NPF of conventional banks. However, in the short term, the inflation variable has a negative effect on the NPF, but in the long term, the inflation variable has no effect on the NPF of Islamic Banks. In contrast to the results of research conducted by Diansyah (2016), it was found that CAR and inflation had a negative and significant effect on NPL. Likewise, the results of the research conducted by Kurnia et al. (2017), the CAR variable has a negative and significant effect on NPF at BPRS in Indonesia. Meanwhile, the BOPO variable has a positive and significant effect on NPF at BPRS in Indonesia. However, inflation has no significant effect on the NPF of BPRS in Indonesia. Furthermore, research conducted by Kurnia et al. (2017) it was found that the Exchange Rate and BOPO had a positive and significant effect on Non-Performing Financing. Meanwhile, Capital Adequacy Ratio (CAR) and Inflation have a negative and significant effect on Non-Performing Financing (NPF).

Based on the description of the background above and some previous research results, it turns out that they still show different results, so it is still considered important for further research to be carried out in order to get more convincing conclusions on several variables that are suspected to have a strong influence on changes in the value of Non-Performing Financing.

Bank BNI Syariah as one of the largest Islamic banks in Indonesia, in maintaining the quality of product services, it also continues to have a financial component to increase trust. Bank BNI Syariah as a bank that distributes large amounts of financing, requires attention so that financing can be maintained with maximum results and to avoid an increase in NPF. Many factors can affect the quality of financing and can increase the NPF number. This study measures several variables that affect NPF at Bank BNI Syariah. By using the variables FDR, CAR, BOPO, inflation, and exchange rates. With more variables that differentiate it from previous research.

RESEARCH METHOD

This study was designed using a confirming approach, which is to confirm the effect of the independent variable on the dependent variable (Widhiarso, 1996). This study analyzes the influence of internal variables including Financing to Deposit Ratio (FDR), Capital Adequacy Ratio (CAR), Operational Costs to Operating Income (BOPO), and external variables, including Inflation and exchange rates on Non-Performing Financing (NPF). The type of research used is

quantitative, measuring the independent variable influencing the dependent variable. The data analyzed are secondary data obtained from the financial statements of BNI Syariah banks which have been published on the official websites of Bank BNI Syariah, Bank Indonesia, and the Central Statistics Agency for the last ten years period, from 2011 to 2020. The analysis method uses multiple regression analysis with SPSS Version 26.

RESULT AND DISCUSSION

The influence of internal variables includes Financing to Deposit Ratio (FDR), Capital Adequacy Ratio (CAR), Operating Costs to Operating Income (BOPO), and external variables, including Inflation and the value of the exchange rate on Non-Performing Financing (NPF), can be seen in table 2.

From the table 2, a multiple regression equation models can be made as follows:

$$Y = 3,670 - 0,722X_1 + 0,572X_2 + 0,659X_3 + 0,324X_4 - 0,995X_5$$

To see the strength of the influence of the independent variables on the dependent variable, the Correlation Coefficient (R), the Coefficient of Determination (R²), and F values are used as shown in the table 3 and 4.

Table 2. Effect of FDR, CAR, BOPO, Inflation, and Exchange Rates on NPF

Model	Unstandardized		Standardized	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.220	1.839		1.995	.054
Log_FDR	-.772	.572	-.248	-1.351	.186
Log_CAR	.572	.270	.282	2.118	.042
Log_BOPO	.659	.637	.123	1.034	.309
Log_INFLASI	.324	.139	.450	2.335	.026
Log_KURS	-.995	.204	-.591	-4.886	.000
Dependent Variable: Log_NPF					

Data Processed, 2022

Table 3. Multiple Correlation Test Results and Model Determination Summary 2 Hasil Uji Korelasi Ganda dan Determinasi Model Summary

R	Adjusted R Square	Std. Error of the Estimate
.861 ^a	.644	.07718

Predictors: (Constant), Log_KURS, Log_CAR, Log_BOPO, Log_FDR, Log_INFLASI
 Dependent Variable: Log_NPF

Data Processed, 2022

Table 4. Uji FANOVAa

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	.463	5	.093	15.213	.000 ^b
	.203	34	.006		
	.666	39			

Dependent Variable: Log_NPF
 Predictors: (Constant), Log_KURS, Log_CAR, Log_BOPO, Log_FDR,

Data Processed, 2022

Based on the table above, it can be shown that the correlation coefficient (R) is 0.861 or 86.1 percent. This means that together the variables of Financing to Deposit Ratio (FDR), Capital Adequacy Ratio (CAR), Operating Costs to Operating Income (BOPO), Inflation and Exchange Rates have a fairly strong influence on Non-Performing Financing (NPF). Meanwhile, the coefficient of determination is 0.644 or 64.4 percent. That is, the ability of the variation of the independent variable can affect the dependent variable by 64.4 percent and the remaining 35.6 percent is influenced by other variables not described in this model. Then the calculated F value of 15.213 is greater than the F table value of 2.490, and the significance value is 0.000 smaller than the alpha value = 0.05. Thus, H₀ is rejected and H₁ is accepted, meaning that together the variables of Financing to Deposit Ratio (FDR), Capital Adequacy Ratio (CAR), Operational Costs to Operating Income (BOPO), Inflation, and Exchange Rates have a significant effect on Non-Performing Financing (NPF) during the study period.

In table 2, a constant value of 1.220 is obtained, meaning that if the regression coefficient value of the Financing to Deposit Ratio (FDR) variable, Capital Adequacy Ratio (CAR), Operational Cost to Operating Income (BOPO), Inflation and the exchange rate is equal to zero, then the value of Non-Performing Financing (NPF) is 1,220.

The effect of Financing to Deposit Ratio (X1) on Non-Performing Financing (Y) has a regression coefficient value of -0.722, this value can be interpreted that if the variable Financing to Deposit Ratio (X1) is increased by 1 unit, then Non-Performing Financing (Y) will decrease of 0.722 with the assumption that other variables are constant. Then, the t-count value of = -1.351 is smaller than the t-table = 2.021, and the significance value of = 0.186 is greater than the value of = 0.05. Thus, H0 is accepted, and H1 is rejected, meaning that the variable Financing to Deposit Ratio (X1) has a negative and insignificant effect on Non-Performing Financing (Y)

This research can also be explained that the distribution of financing sourced from third party funds is carried out with full prudence, so that financing activities can reduce the occurrence of risk. This condition shows that the bank has succeeded in improving the quality of the financing program through a strict assessment strategy of the financing program as well as optimizing the supervision of debtors. Therefore, increasing the distribution of financing sourced from third party funds as well as from own capital can reduce the ratio of Non-Performing Financing (NPF).

The effect of Capital Adequacy Ratio (X2) on Non-Performing Financing (Y) has a regression coefficient value of 0.752, this value can be interpreted that if the Capital Adequacy Ratio (X2) is increased by 1 unit, then Non-Performing Financing (Y) will also increase by = 0.752 assuming the other variables are constant. Then, the t-count value of = 2.118 is greater than the t-table value = 2.021 and the significance value of = 0.04 is smaller than the value of = 0.05. Thus, H0 is rejected and H1 is accepted, meaning that the CAR variable has a positive and significant effect on NPF at BNI Syariah Bank.

The results of this study can also be explained that the capital growth in BNI Syariah banks tends to be followed by an increase in the ratio of Non-Performing Financing (NPF). This condition was caused by the relatively large availability of funds which tended to encourage bank management to provide excessive financing as an effort to optimize the distribution of funds in the hope of optimizing profits for the company. However, behind a large amount of financing, there is also a deep potential risk. Therefore, every increase in the amount of capital tends to increase the ratio of Non-Performing Financing (NPF) at bank BNI Syariah.

The effect of Operational Costs on Operating Income (X3) on Non-Performing Financing (NPF) has a regression coefficient value of 0.659, the value can be interpreted that every increase in Operating Costs on Operating Income (X3) increases by 1 unit, then Non-Performing Financing (NPF) will also increase by 0.659 assuming the other variables were constant. Vice versa. Then,

the t-count value of = 1.034 is smaller than the t-table value of = 2.021, and the significance value of = 0.309 is greater than the value of = 0.05. Thus, H₀ is accepted and H₁ is rejected. This means that Operational Costs on Operating Income (X₃) have a negative and insignificant effect on Non-Performing Financing (NPF) at Bank BNI Syariah.

The results of this study can also be explained that the ability of banks to control operational costs does not necessarily reduce the ratio of Non-Performing Financing (NPF), because operational cost control does not have a direct correlation to controlling bad credit risk. Bad loans are more influenced by external factors which are difficult to control. However, the risk of bad loans can be overcome if the bank's management can reduce operational costs so that banks have excess operational funds that can be used to cover bad loans.

The effect of Inflation (X₄) on Non-Performing Financing (Y) obtained a regression coefficient value of 0.324, this value can be interpreted that if Inflation (X₄) is increased by 1 unit, then Non-Performing Financing (Y) will also increase by = 0.324 units assuming a variable other constant. Then, the t-count value of 2.335 is greater than the t-table of 2.021, and the significance of = 0.02 is smaller than the value of = 0.05. Thus, H₀ is rejected and H₁ is accepted. This means that inflation has a positive and significant effect on Non-Performing Financing (Y) at BNI Syariah Bank.

The results of this study can also be explained that the movement of the inflation rate can lead to bad loans, especially when inflation has increased. Inflation growth will cause demand for various types of goods and services to increase so that demand by both the public and companies also decreases. This situation, of course, will affect the ability of the debtor to repay the loan. Thus, inflationary growth also increases the potential for bad credit risk.

The effect of the Exchange Rate (X₅) on Non-Performing Financing (Y) has a regression coefficient of 0.995, this value can be interpreted that if the Exchange Rate (X₅) is increased by 1 unit, then Non-Performing Financing (Y) will also increase by 0.995 with the assumption other variables constant. The t-count value of = 2.335 is greater than the value of t-table = 2.021, and the significance value of = 0.02 is smaller than the value of = 0.05. Thus, H₀ is rejected and H₁ is accepted, meaning that the exchange rate has a positive and significant effect on Non-Performing Financing (NPF) at BNI Syariah Bank.

The results of this study can also be explained that changes in exchange rates can lead to an increase in the risk of bad loans, especially when the rupiah depreciates against foreign

currencies (US\$ Dollars). The appreciation of the value of the rupiah against the US dollar will cause the prices of various imported goods to become expensive. This situation is very burdensome for countries that import goods. The increase in the price of imported goods tends to be followed by the price of domestic goods. Thus, this situation will make the community reduce their demand so that the income by producers and by people who carry out buying and selling activities will decrease so that the ability to complete their obligations will also decrease. Therefore, increasing the exchange rate will increase the potential for bad loans, and vice versa.

CONCLUSION

Based on the background description and discussion of the research results, the conclusions of the research results can be formulated as follows: The results of the study found that together the variables of Financing to Deposit Ratio (FDR), Capital Adequacy Ratio (CAR), Operational Costs to Operating Income (BOPO), Inflation and Exchange Rates had a significant effect on Non-Performing Financing (NPF). Meanwhile, partially the Financing to Deposit Ratio (FDR) variable has a negative and insignificant effect on Non-Performing Financing (NPF). Meanwhile, Capital Adequacy Ratio (CAR) and Inflation have a positive and significant effect on Non-Performing Financing (NPF). However, Operational Costs on Operating Income (BOPO) have a positive and insignificant effect on Non-Performing Financing (NPF). While the exchange rate has a negative and significant effect on Non-Performing Financing (NPF).

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