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The Effect Of Bad Credits On Profitability At Pt. Indonesian People's Bank (Persero) Tbk, Ambon Branch Office

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ABSTRACT
The purpose of this research is to determine the influence of ROA on Bad Credit. The research uses a quantitative type of research. The data in this research is secondary data, namely credit card reports and financial reports. The object of this research is PT. Bank Rakyat Indonesia (Persero) Tbk, Ambon Branch Office. The samples used are quarterly bad credit reports and bank financial reports for 2019-2023. The data analysis technique in this research uses simple linear regression analysis using the SPSS for Windows version 23 program. The research results show that bad credit has a significant influence on ROA.
Keywords: *Bad Credit (NPL), Profitability (ROA).*

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I. Background of the problem

The role of banking cannot be separated from providing credit to customers, this can influence the amount of profit obtained by banks. The greater the amount of credit distributed will determine the amount of profit from the bank (Febriansyah & Afriyeni, 2019). Apart from that, banks also have a role in accepting savings from the public in the form of current accounts, time deposits and savings (Pierson, 2021).

Banking in providing credit cannot be separated from the problem of bad credit. This is in line with the opinion of Widayati & Herman (2019) explaining that there are still many problems related to non-performing loans, which are amounts borrowed that have not been able to be paid until they are due. The emergence of bad credit greatly affects the level of profit as measured by profitability. Profitability is measured by ROA and ROE (Kumbiari, 2016).

According to Hendrawan and Lestari (2016:2) explain that if ROA increases, the company's profit will increase, which will have an impact on increasing profitability. Meanwhile, *Return On Equity* (ROE), according to Ismawati and Istria (2015:16), ROE is a comparison between bank net income and personal capital. ROE is used to measure the income obtained by a bank by dividing the profit obtained after tax in the last 12 months by the equity obtained by the bank.

Therefore, the maximum source of banking income is obtained from the credit sector. The higher the credit distribution, the greater the bank's profit. However, on the other hand, banking is faced with the problem of bad credit. The phenomenon of bad credit from the BRI Ambon branch in 2020-2023 is as follows:

Table.1. Problem Credit PT. Bank Rakyat Indonesia (Persero) Tbk, Kanca Ambon
(In million rupiah)

Year	Problematic credit	Credit amount	NPL %	Profit
2019	21,254 AD	2,980,210 T	0.74	34,413,825 AD
2020	20,276 AD	2,784,517 T	0.73	18,660,393 AD
2021	43,992 AD	3,014,170 T	1.46	30,755,766 AD
2022	39,895 AD	3,317,483 T	1.20	51,408,207 M

Source: PT. Bank Rakyat Indonesia (persero) tbk, Ambon area 2023

Based on the data above, it shows that bad credit from 2019-2021 has increased and in 2022 it will start to decline. This should greatly affect the profits obtained. Based on the data above, in 2021 the number of bad loans is quite high, it turns out that the profits earned are also creeping up. This is what is called an anomaly.

Based on the research phenomenon above, the author is interested in conducting research on "The influence of ROA and ROE on outstanding credit at PT. Bank Rakyat Indonesia (Persero) Tbk, Ambon Branch Office."

II. Research methods

This research was conducted at PT. Bank Rakyat Indonesia (Persero) Tbk, Ambon branch office . This type of research is quantitative research. The data source for this research is secondary data, namely financial reports and bad credit reports in 2019-2022. Data was collected based on library research and documentation. This refers to Sugioyono's opinion, in Samanto (2020) that the data collection method in this research is the documentation method. The variable measured is bad credit with the NPL ratio. Meanwhile, profitability uses ROA. The data was analyzed using the SPPS analysis tool, namely simple regression.

III. Results and Discussion

The results of the analysis from multiple regression show that bad credit has an effect on ROA. The results of the multiple regression analysis are as follows:

Table 1. Simple Linear Regression Analysis Test Results for ROA

Coefficients [a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,624	.211		7,715	,000
	Bad credit	1,301	,236	,721	5,512	,000
a. Dependent Variable: Retrun On Asset						

From the results of data analysis that has been carried out with the SPSS version 23 program, it is shown from the simple linear regression equation that Y = 1.624+ *1.301)* which was achieved at 1.624, the regression coefficient for the bad credit variable was 1.301, meaning that if the bad credit variable was Rp. 1, then *Return On Assets (ROA)* will increase by 1.301. Then the results of the t test value obtained profitability with a significant value level (α) of 5% of 0.000. Because the *ROA profitability value* is 0.000 < 0.05 . So it can be concluded that bad credit has a significant effect on *ROA.*

table calculation with degrees of freedom df = nk = 30-2 =28, the t table is obtained at 2.048. The t count calculation is based on SPSS results of 5.512. Thus , 5.512 > 2.048, this shows that bad credit has a significant effect on *Return On Assets (ROA).* Likewise, the results of SPSS version 23 data analysis using a significance level (α) of 5% or 0.05% obtained a calculated F value of 30.380 with a significance level of 0.000 which is smaller than 0.005, where the calculated F value (30.380) is greater than the F table value. is 4.20 (dfl = k-1 = 2-1 =1, df2 = nk =30-2 = 28).

Table.2 Test Results for the Coefficient of Determination (R^2) *of ROA*

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.721 [a]	,520	,503	.33948
a. Predictors: (Constant), Bad Credit				

From the results of calculations using the SPSS version 23 program in table 4, it can be seen that the coefficient of determination (R^2) is 52.0%, which means that the bad credit variable in this study influences the *Return On Assets (ROA) variable* by 52.0% while 0 .5% is influenced by other variables not studied.

IV. Conclusion

The research results show that the effect of bad credit on profitability as measured by *Return On Assets* of PT Bank Rakyat Indonesia for 2019-2022 has a significant effect. This is shown by the results of data processing using SPSS 23 which shows that the significant value of ROA is (0.000) < 0.05) and the calculated t is (5.512) which shows a number greater (>) than the t table of (2.048).

V. Suggestion

This research only looks at the effect of bad credit on profitability as measured by ROA, therefore it is recommended that further research be able to look at profitability with other variables. Apart from that, future researchers can use the mix method, namely by conducting in-depth interviews so that they can enrich the discussion .

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