

CHAPTER 5

CONCLUSION

5.1 Conclusion

1. H1 not supported. Leverage does not affect profitability on private commercial banks BUKU IV in Indonesia. The significance level is 0.816, which is greater than the alpha value (0.05). This research shows similarity with the research done by Harisa, Adam & Meutia (2019). The reason why DER is not supported is because DER for company and bank are different. For a company, if the DER result is more than one, it means that the company is not able to pay off their debt by using their own equity. On the other hand, the high result of DER for the banking industry means that the banks manage to collect funds from the third parties, since funds from third parties are considered as debt for the bank. That is why leverage does not affect profitability. Because for a company, the higher the DER result, it can decrease the profit.
2. H2 supported. Firm size does affect profitability on private commercial banks BUKU IV in Indonesia. The significance level is 0.020, which is smaller than the alpha value. This

research shows similarity with the research conducted by Harisa, Adam & Meutia (2019). The result is supported because according to Akbar (2013), the higher the total asset, the more ability for the organization to utilize more profit. In this case, the sample used for this research has large total assets since they are categorized in BUKU IV. That is why the result for this hypothesis is significant or supported.

3. H3 rejected. Deposit does not affect profitability on private commercial banks in Indonesia with a significance level of 0.342. The result is not supported because the mean results for the LDR are above the number suggested by BI. It means that the banks are aggressive, by giving out too many loans. By giving out too many loans, the bank is not liquid. When in some scenario i.e. the third parties are withdrawing the deposit from the banks, the bank will be unable to meet the demands. On the other hand, a bank with low DER means that the bank is liquid but did not use the funds to generate profit. For example, during the crisis people will withdraw their money from the banks to maintain their business. The bank will also be unable to give out loans since available funds are limited.

5.2. Implications

The implications found on this research covers two things, teoritis implications and practical implications. Teoritis implications related to contribution towards the development of

current theory. Practical implications related to research contribution leverage, firm size and deposit towards profitability.

1. Theoretical Implications.

This research hopefully will increase the impact of leverage, firm size and deposit on profitability. The result is that firm size impacts profitability, while the other two variables, leverage and deposit, does not.

2. Practical Implications

This research is expected to give consideration to customers while choosing their bank preferences. This research also expected for bank managers to increase their productivity.

5.3 Research Limitations

On this research, the author realized that several limitations has been found, such as :

1. The benchmark for one variable is limited to only one formula, for example profitability uses ROA as the benchmark. For the next research, the author will use a more improved concept.
2. The number of banks used for this research is only five banks, since there are only five banks that are categorized in BUKU IV. Then, the number of data is limited.

3. The 2021 data has not been released yet and not all banks yet to release the 2020 data.
Then, the data used for this research is limited only to 2019 data.

5.4 Suggestion

Based on the research limitations, the researcher found some suggestion regarding the next research :

1. Further research should be carried out with a broader concept approach so that it can better explain the influence between the variables studied. For example, profitability can be explained using two measurements, ROA and ROE. For this research, the author only uses one, which is ROA. To show better results, in the future using both measurements are recommended.
2. Adding variable size to better explain the influence between the variables studied.
3. For future research, it is better to broaden the population to get more data. Because the more (n), the better for the research result.

REFERENCES

Athanasoglou et al (2008). *Determinants of Bank Profitability in Eastern Europe*.

Chapra & Habib (2014). *Corporate Governance in Islamic Financial Institutions*.

Dietrich & Wanzenried (2009). *Determinants Banks Before and After The Crisis: Evidence from Switzerland*. Journal of International Finance Markets, Institutions and Money.

Fachruddin (2011). *Analisis Pengaruh Struktur Modal, Profitabilitas dan Ukuran Perusahaan Terhadap Pada Nilai Perusahaan*. E-Journal Akuntansi Universitas Udayana.

Ghozali (2011). *“Aplikasi Analisis Multivariate Dengan Program Spss”*. Semarang : Badan Penerbit Universitas Diponegoro.

Harisa, Adam & Meutia (2019). *Effect of Quality of Good Corporate Governance Disclosure, Leverage and Firm Size on Profitability of Islamic Commercial Banks*. Palembang : Sriwijaya University.

Ikhwal (2016). *ANALISIS ROA DAN ROE TERHADAP PROFITABILITAS BANK DI BURSA EFEK INDONESIA*. Batam : Universitas Putera Batam

Ingves (2014). *Bank for International Settlements*. Swedia : University of Stockholm.

Irawati (2019). *Understanding Tax Rules, Tax Tariffs and Tax Rights Consciousness*. Bandung : University Pamulang Campus A

Khalik (2018). *PENGARUH LOAN TO DEPOSIT RATIO TERHADAP PROFITABILITAS PADA PT BANK RAKYAT INDONESIA (Persero) Tbk CABANG MAKASSAR AHMAD YANI*.

Romanova (2017). *The Factors Affecting the Profitability of Banks : The Case of Latvia*.

Solovjova (2019). *Competitiveness Enhancement of International Financial Centres*.

Widiyanto (2013). *Statistika Terapan*, Jakarta : PT Elex Komputindo Jakarta