

Analysis of Credit Risk and Operational Risk on Profit Growth

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Abstract : concentrate on the hope to analyze whether the investigation of credit hazards and functional hazards on the development of benefits at PT. Bank Negara Indonesia (Persero) Tbk. Miscellaneous information using the additional information obtained. Types of quantitative information. Population is all Fiscal summary at PT. Bank Negara Indonesia (Persero) Tbk. The examples taken in are 36 pieces of information from 2012 to 2020. The information collection techniques are clear data check, traditional suspicion test, various direct relapse checks and speculation test using SPSS 21. The results show that Credit Hazard has a negative and insignificant impact. impact on Benefit Development, while Functional Danger has insignificant adverse consequences on Benefit Development at PT. Bank Negara Indonesia (Persero) Tbk which is listed on the Indonesia Stock Exchange Exhibition. Meanwhile, Credit Hazard and Functional Danger did not have a big impact on Benefit Development at PT. Bank Negara Indonesia (Persero) Tbk.

Keywords: Credit Hazards, Functional Hazards and Benefit Development

PRELIMINARY

Business finance plays an important role in efforts to increase monetary development and private government assistance, as it is a productive intermediary with deals. A bank is a monetary foundation that collects assets from the common people and adapts them to the common people, and the associations that take part in it. This financial institution also acts as a Progress Specialist in the turn of public events, where banks channel their assets to the common people as credit to increase the ability to move assets, as well as to build a winning environment in the business world. Banks carry out different administrations, for example providing deposit goods, providing advances, flowing forms of money, trading forms of money, protection, and company financing (Ihsan, 2008).

As a country's monetary exercise improves, there is a perceived need for resources to provide assets to fund this growing financial exercise. Viewed from the point of view of monetary foundations as suppliers of a source of assets known as credit, credit has an unusual position, especially in agrarian countries, given the large number of regions that need a source of asset springs which will be an advantage for banks (Capriani & Dana, 2016) .

Banking is everything related to banks, which includes companies, business practices, as well as techniques and cycles in completing their business exercises. The definition of bank as referred to in the Act of the Republic of Indonesia Number 10 of 1998 dated November 10, 1998 Amendment to Act Number 7 of 1992 concerning Banking, what is meant by a bank is a business entity that collects wealth

from the general public as credit and provides it to the general public as a potentially different credit or structure to further develop the individual. way of life.

LIBRARY REVIEW

Understanding Credit Risk

As shown by Abdullah and Tantri (2013) Credit can be interpreted that the main party provides achievements in the form of merchandise, cash or administration to various associations, while counter achievements will be obtained later or within a certain period of time. Credit hazard is the danger of misfortune caused by the borrower's failure to pay his obligations, either principal or interest or both.

In credit recognition there are two groups who are interested and immediately included. The main party is the party who has excess cash or excess support is called the lender (loan boss), and the next party is the party who needs assets or lacks assets called the credit recipient (the debtor). . In the event of a conceded credit, it means that the party who has abundant reserves of assets (achievement) to the party who needs the property and the party who needs the property promises to return the property at a certain time in the future.

Understanding Operational Risk

Functional hazards are hazards that generally start from internal organizational problems, where this hazard occurs due to the lack of an administrative control framework that is completed by parties within the organization, Fahmi (2010).

As a general rule, functional hazards are identified with various problems stemming from cycle or methodological disappointments. Therefore, functional hazards are not really another hazard and are not seen only by banks, although all sub-banks face disappointment and must have cycles to overcome them. A functional hazard is a hazard that affects all business practices because it is something that is innate or super durable in the execution of a functional cycle or action.

Functional hazard control must be carried out by all work units and organizational work units, including the Executive Danger Division, and the Governing Body. Work unit administrators complete exchanges and exercises appropriately, effectively, and on schedule.

Profit Growth

Benefit development is an increase or decrease in the benefits obtained by the bank every year as a tariff. Benefit development is one of the indicators used to measure achievement. Benefits are usually used to measure the achievements achieved by the organization so that benefits are used as reasons for determining business choices that will be anticipated to forecast future earnings changes. Benefits the organization accrues for the coming year after the fact or forecast of benefits

Benefits generally experience an increase or decrease in benefits every year. The development of high benefits will make the benefits obtained by the organization will also be high, so that the level of profit allocation will also be high. Profit growth will also affect the financial backer premium in contributing, because the financial backer must also achieve the desired goal. This is what the funders expect and what is donated will also produce high benefits, (Komala, C., and Arifin, M. 2018).

Hypothesis

H1 : Credit Risk has a negative and significant effect on Profit Growth in PT. Bank Negara Indonesia (Persero) Tbk.

H2: Operational Risk has a negative and significant effect on Profit Growth at PT. Bank Negara Indonesia (Persero) Tbk.

H3 : Credit Risk and Operational Risk have a simultaneous effect on Profit Growth at PT. Bank Negara Indonesia (Persero) Tbk.

RESEARCH METHODS

The exploratory approach used is a quantitative methodology which is mathematical information or numbers, so that the influence between the factors to be concentrated will be known and produce an end that will explain the description of the item to be contemplated. To obtain information,

scientists chose PT. Bank Negara Indonesia (Persero) Tbk which is listed on the Indonesia Stock Exchange for the period 2013-2020.

RESULTS AND DISCUSSION

The information used in this review is supplementary information as a fiscal summary that has been examined against the exploration timeframe, specifically 2012-2020. The information that has been collected is then handled using factual tools with the SPSS 23 program through various direct recurrence techniques to get a picture of the impact between autonomic factors and supporting factors identified by this exploration.

In this study, multiple linear regression was used to determine the effect of the independent variables on sales growth and the inflation rate on the dependent variable of changes in profit. So to find out the value of the multiple linear regression equation, the table is used following:

**Table 1. Regresi Berganda
Coefficients^a**

Model	Unstandardized Coefficients			
	B	Std. Error	t	Sig.
(Constant)	,430	,629	,683	,499
Credit Risk	-,289	,775	-,373	,712
Operation Risk	-,092	,390	-,237	,814

Based on the results of multiple regression analysis, the following model or equation is obtained:

$$Y = a + b_1X_1 + b_2X_2 + e$$

Where :

$$\text{Profit Growth} = 0.430 - 0.289 X_1 - 0.092 X_2 + 0.629$$

- Constant value (a) is 430 with a positive relationship indicating that Credit Risk and Operational Risk are considered constant or zero, so the profit growth value is 0.430.
- The regression coefficient of $b_1 = -0.289$ with a negative relationship direction indicates when Credit risk increases by 1% will affect profit growth of -0.289 .
- The regression coefficient of $b_2 = -0.092$ with a negative relationship indicates that when Operational Risk increases by 1%, it will affect profit growth by -0.289 .

Classical Assumption Test

Judging from the table above, it is realized that the ordinarity esteem depends on Test Insights 111 and Asymp. Sig (2-followed) 200 is > 0.05 . So it can be very well concluded that the tested information is regularly adjusted.

The consequences of the Ordinary Likelihood Plot test in this review can be seen in the attached image:

Table 2. Normality Test Result

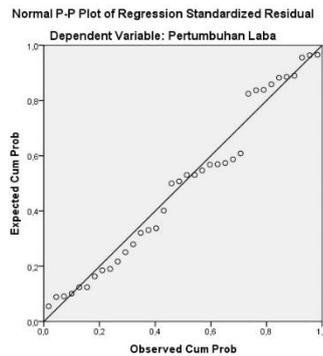


Table 3. Glesjer Analisis Test

Coefficients^a

Model	Unstandardized		t	Sig.
	B	Std. Error		
1 (Constant)	,430	,629	,683	,499
Credit Risk	-,289	,775	-,373	,712
Operation Risk	-,092	,390	-,237	,814

Hypothesis Testing Results

To find out whether sales growth and inflation rate in the regression model have an effect on changes in profit, then a test is carried out using the simultaneous test (F test), partial test (t test) and the coefficient of determination (R²) test.

Simultaneous Test (F Test)

The F test is directed to examine the synchronous effect of the independent factors on the dependent variable. The tests resulted in this review on concurrent ANOVA or F tests as shown in the attached table:

Table 3. F . Test Results ANOVA^a

Model	Sum of Squares	Df	F	Sig.
1 Regression	,402	2	1,524	,233 ^b
Residual	4,351	33		
Total	4,753	35		

From the results of the F test or ANOVA test, the F value is obtained with a critical degree of $p = 0.233$. Because the possibility of esteem is more prominent than 0.05 and $F_{count} < F_{table}$ which is $1.524 < 3.259$ with a large degree of $p = 0.233$ which is simpler than $= 0.05$. Then, at that point H_0 is committed and H_1 is recognized. So Credit Hazard and Functional Danger on Benefit Development have had a positive and irrelevant impact so far.

Partial Test (T Test)

The t-test or incomplete test is directed to determine how far the influence of one illustrative variable independently in clarifying the diversity of the dependent variable. The consequences of the t-test can be found in the table below:

**Table 4. t- Test Results
Coefficients^a**

Mode 1		Unstandardized		T	Sig.
		Coefficients			
		B	Std. Error		
1	(Constant)	1,044	,340	3,069	,004
2	Credit Risk	-,510	,419	-1,217	,232
3.	Operation Risk	-,316	,210	-1,502	,143

Coefficient of Determination Test (R²)

This test was conducted to measure how far the model's ability to explain the variation of the dependent variable. The results of the coefficient of determination test (R²) can be seen in the following table:

**Table 5.12 Determines Coefficient Test Results
Model
Summary^b**

Model	R	R Square	AdjustedR Square	Std.Error of the Estimate
1	.494	.245	.184	,67196

DISCUSSION

Credit Risk Analysis on Profit Growth

Considering the consequences of the t-test (incomplete) on the relapse model, it is stated that the credit risk variable (NPL) has insignificant adverse consequences on Functional Danger (BOPO). Thus, this implies that the first speculation is that credit risk in the long term has adverse consequences for development purposes, is dismissed. The negative consequence presented in this review shows that the higher the non-performing advances of the bank recognized by the board in terms of the NPL value, the lower the level of benefit development. Investigation of Credit Hazards on Benefit Development in the coefficient section for large values $0.232 > 0.05$. Then, at that point H₀ is omitted. The variable recognizing credit has Tcount – 1.217 and Ttable 1.688 or $- 1.217 < 1.688$. In line with that, it can be presumed that the development of benefits with a negative value indicates a non-unidirectional relationship and the value of the beta coefficient of the Credit Hazards variable is -209. This indicates that Credit Hazards affects the development of Benefits by -20.9%.

Kusuma (2013), (Prasetyawan, 2017), (Rika, 2019) in his view of exploration results shows that recognizing the dangers as predicted by Non Performing Advances (NPL) has a negative effect on Benefit Development. The negative consequence shows that a higher Non Performing Credit (NPL)

will reduce Benefit Development, and conversely a lower Non Performing Advance (NPL) will increase the bank's capacity to generate profits.

Operational Risk Analysis on Profit Growth

Based on the results of the second theory test on the t-test, it shows that the operational risk variable has adverse consequences that are not relevant to changes in profits at BNI Bank which are listed on the Indonesia Stock Exchange. Published with Functional Danger from the t-test results of -1.502 and t table 1.688 and a large value of $0.143 > 0.05$ then H_0 is rejected and H_1 is recognized. Functional Danger variable has Tcount - 1.502 and t table 1.668 or Tcount - 1.502 < t table 1.668 it can be assumed that there is a negative and insignificant impact considering the beta value is - 257. This shows that the impact of operational risk on the development of profit growth is - 25, 7%. This is equivalent to the results of Kusuma's research (2013), (Attar & Islahuddin, 2014). which shows that credit risk proxied by BOPO has a negative effect on profit growth, in accordance with research directed by Yatiningsih and Chabachib, M. (2015), that operational risk has adverse consequences for profit growth. company.

Analysis of Credit Risk and Operational Risk on Profit Growth

The side effect of the third speculation test of the F test shows that Credit risk and operational risk together do not have a critical impact on Benefit Development. From the results of the F test or Anova test, the F value is obtained with a critical degree of $p = 0.233$. Because the probability that the price is more important than 0.05 and Fcount < Ftable is $1.524 < 3.259$ with a critical degree of $p = 0.233$ which is simpler than $= 0.05$. Then, at that point H_0 is omitted and H_1 is recognized. So credit risk and operational risk on profit growth have a positive and irrelevant impact at the same time.

The Influence of Credit Risk and Operational Risk on Profit Growth in Banking According to (Muhammad, 2017), (Prasetyawan, 2017), (Tengor *et.al*, 2016). said that simultaneously risk (credit and operational) affect Profit Growth at the Bank.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

The consequence of this speculative test shows that credit hazard as proxied by the proportion of Non Performing Advances (NPL) has no significant effect on Benefit Development. The test results show that Credit Hazard has a negative and irrelevant impact on the development of benefits. This means that the lower the Credit Hazard owned by the Bank will build the development of banking benefits and vice versa if the Credit Hazard is claimed by the Bank, the development of banking benefits will be smaller. The consequence of the speculative test shows that if the Functional Hazard is proxied by the cost of work over wages (BOPO) it does not have a critical impact on Benefit Development. The test results show that Functional Hazards have a negative and irrelevant impact on the development of benefits. This means that the lower the Functional Hazards claimed by the Bank, the development of financial benefits will increase and vice versa if the Functional Hazards owned by the organization are higher, the development of financial benefits will also be smaller. The consequences of this speculative test show that Credit Hazards and Functional Hazards do not have a significant impact on benefit development

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