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ANALYSIS OF THE EFFECT OF CAR AND NPL ON PROFITABILITY WITH LDR AS VARIABLE INTERVENING (Case Study on Commercial Banks Listed on the IDX Period 2018-2020)

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Abstract
This study aims to Analysis of the Effect of CAR and NPL on Profitability with LDR as an Intervening Variable (Case Study on Commercial Banks Listed on the Indonesia Stock Exchange for the 2018-2020 Period (supervised by Erlinna Pakki And Andi Aswan).Profitability or the ability to earn a profit is a measure in proportion used to assess the extent to which the company is able to generate profits at an acceptable level. Profitability figures are stated, among others, profit figures before or after tax, investment returns, earnings per share, and profit on sales. As for in this study, those that affect profitability are CAR and NPL and LDR as Intervening Variables. The data used is secondary data with time series data collection methods. The data used in the annual financial statements of general banking companies listed on the Indonesia Stock Exchange for the 2018-2020 period are 60 samples. The results of the secondary data collected through the financial statements have been tested by hypothesis testing. The data analysis method uses descriptive statistical analysis techniques, the outer model measuring model test and the structural model test or inner model.The results showed that CAR had a positive and insignificant effect on LDR. CAR has a positive and significant effect on ROA. LDR has a positive and not significant effect on ROA. NPL has a negative and insignificant effect on ROA. NPL has a negative and insignificant effect on LDR. NPL has a negative and significant effect on ROA. CAR through LDR has a positive and insignificant effect on ROA. NPL through LDR has a positive and not significant effect on ROA.

Keywords: capital adequacy ratio; non-performing loan; return on assets; loan to deposit ratio

INTRODUCTION

The economic progress of a country is greatly influenced by the economic activity in that country. All activities are the driving wheel of economic activity which has a very important role. Oneexample of Indonesia's development development is in the banking sector. As we know, almost all sectors related to various financial activities always require the services of a bank. To assess the goodor bad health of a bank can be seen from the financial performance of the bank. Financial performanceis an important thing that must be achieved by a bank, because financial performance is a description of the economic results that have been achieved by banking companies in a certain period through bank activities to generate profits efficiently and effectively.

In the midst of global and domestic economic conditions that are still affected by the COVID-19 pandemic, banking resilience in general in 2020 is still maintained, as reflected in the condition of bank capital which is quite solid with a Capital Adequacy Ratio (CAR) of 23.81%. This shows the bank's adequate ability to absorb risk. Adequate level of bank management effectiveness with a Returnon Assets (ROA) of 1.59%. banking health in general is still in good health, as reflected in the solid condition of the bank with a Non-Performing Loan (NPL) of

0.98%. This shows the bank's adequate ability in non-performing loans or bad loans. Even though credit contracted, banking liquidity was adequate as reflected in the Loan to Deposit Ratio (LDR), which was 82.24%. However, it is necessaryto pay attention to the increase in credit risk and the decline in profitability in line with economic activity that has not yet recovered due to the impact of the COVID-19 pandemic.

Bank Indonesia will continue to strengthen coordination with the Government and relevant authorities to closely monitor the dynamics of the spread of COVID-19 and its impact on the Indonesian economy from time to time, as well as further policy coordination steps that need to be taken to maintain macroeconomic and financial system stability, and support Indonesia's economic growth remains good and durable.

Financial statements are basically the result of an accounting process that can be used as a communication tool between financial data or activities of a company and parties with an interest in data or activities of the company (Munawir, 2004). The parties who have an interest in the bank's financial statements (Kasmir, 2004) are shareholders, government, management, employees, the widercommunity. The components of a bank's financial report consist of a balance sheet, profit/loss statement, earning asset liquidity report, commitment and contingency report, bank financial risk report, earning asset report, and financial position report.

Financial performance can be measured by profitability. Profitability is generally measured byReturn on Assets (ROA), which shows the company's ability to generate profits from the assets used. ROA is very important for banks because it is used to measure the effectiveness of the company in generating profits by utilizing its assets (Adyani & Sampurno, 2011).

The main activity of a bank is lending, therefore the source of income or bank profitability comes from this activity. According to (Kasmir, 2004) the amount of credit disbursed will determine the bank's profit. Meanwhile, LDR is a comparison between the total loans granted and the total ThirdParty Funds (DPK) that can be collected by the bank concerned. Based on the provisions of Bank Indonesia No. 15/7PBI/2013 dated October 1, 2013, the LDR figure should be around 78% - 100%. According to (Almilia and Herdiningtyas, 2005) CAR shows how much total bank assets contain risks(credit, investments, securities, claims on other banks).

Based on the phenomenon of the gap and the existence of a research gap from previous research.then the finding of research on CAR and NPL on ROA is accompanied by studies that result in LDR having a positive and significant effect on ROA, the Loan to Deposit Ratio (LDR) is used as an intervening variable that can be used to fill in the differences in these results or bridge the inconsistencyof research results.

LITERATURE REVIEW

Capital Adequacy Ratio to Loan to Deposit Ratio

According to (Siamat, 2003) one of the functions of bank capital is to meet minimum capital requirements, the level of capital adequacy is very important for banks to channel credit. If the bank'scapital adequacy level is good, then the public will be interested in taking credit, and the bank will have sufficient reserve funds in case of bad credit at any time. Banks that have a high CAR have a lotof credit, so if the CAR increases it will increase the LDR (Nandadipa, 2010). Research that has beendone by Nasiruddin (2005), Laksana (2006) resulted that CAR has a positive and significant effect onLDR. Thus, the following hypothesis can be drawn:

H_1 : *CAR has a positive and significant effect on LDR*

Capital Adequacy Ratio to Return On Assets

Capital Adequacy Ratio is a ratio that shows how far all bank assets that contain risks (credit, investments, securities, claims on other banks) are also financed from the bank's own capital in additionto obtaining funds from sources outside the bank, such as funds from the public,

loans, and others. CARis an indicator of a bank's ability to cover a decline in its assets as a result of bank losses caused by risky assets. The higher the CAR, the better the bank's ability to bear the risk of any risky credit/productive assets. If the CAR value is high, the bank is able to finance operational activities andmake a sizeable contribution to profitability (Dendawijaya, 2001). So that CAR has a positive influenceon profitability.

The results of research conducted by Mawardi (2005), Nusantara (2009), Setyarini (2009), Ali,et.al (2011), Lee and Hsieh (2013), and Houssem Rachdi (2013) show that CAR has a positive effect on profitability (ROA). Thus, the first hypothesis can be formulated, namely:

H_2 : *CAR has a posiive and significant effect on ROA*

Loan To Deposit Ratio to Retturn On Assets

Loan to Deposit Ratio is a comparison between the total loans provided and the total Third Party Funds (DPK) that can be collected by the bank. This ratio will show the level of the bank's abilityto channel third party funds collected by the bank concerned. Based on the provisions of Bank Indonesia No. 15/7PBI/2013 dated October 1, 2013, the LDR figure should be around 78% - 100%. According to (Ahmad Buyung, 2009) the higher the LDR indicates the higher the funds disbursed andthe lower the LDR indicates the bank's lack of effectiveness in lending. Research conducted by Andreas (2008), Setyarini (2009), Bambang Sudiyanto (2010) and Gut et. al (2011) showed that LDRhad a positive effect on profitability.

Based on this, it can be concluded that the higher the LDR ratio, the lower the level of profitability (ROA) of the bank. Thus, the following hypothesis can be drawn:

H3 : LDR has a positive and significant effect on ROA

Non-Performing Loan to Loan to Deposit Ratio

Non-Performing Loans if they cannot be handled properly, according to (Dendawijaya, 2003,

p. 86) include the loss of opportunities to obtain income opportunities from loans, thereby reducing profits and reducing the ability to provide credit. The number of non-performing loans makes banks notdare to increase their lending, especially if third party funds cannot be achieved optimally, therefore non-performing loans have a negative effect on LDR (Utari, 2011). Previous research conducted by Nasiruddin (2005) and Nandadipa (2010) resulted in NPL having a negative and significant effect on LDR. The NPL of the previous year will affect the LDR of the next period. So that the hypothesis canbe drawn as follows:

H4 : *NPL has a negative and significant effect on LDR*

Non-Performing Loan to Return On Assets

The Non-Performing Loan (NPL) ratio shows the ability of bank management to manage non- performing loans provided by banks. NPL reflects credit risk. Credit risk is defined as the risk of loss associated with the possibility of the client's failure to pay its obligations or the risk that the debtor cannot repay his debt (Imam Ghozali, 2007). The higher the NPL ratio, the lower the quality of credit,which causes the number of non-performing loans to increase so that the possibility of a bank being ina problematic condition increases. So in this case the higher the NPL ratio, the lower the profitability (ROA) of a bank.

Research conducted by Mawardi (2005), Sri Mintarti (2007), Constantinos et.al (2009), Khizel Ali et. al (2011) showed a significant negative effect of Non-Performing Loans (NPL) on profit changes, the higher the Non-Performing Loans (NPLs), the greater the risk disbursed by the bank so that the lower the income so that the Return on Assets (ROA) decreases. In this study, the NPL used was the previous year. Based on the description above, the hypothesis can be formulated:

H5 : *NPL has a negative and significant effect on ROA*

Capital Adequacy Ratio to Return On Assets Mediated By Loan to Deposit Ratio

Capital Adequacy Ratio (CAR) as a capital adequacy ratio is the main factor in the financial performance of a bank to achieve the desired profitability. One of the functions of bank capital is to meet minimum capital requirements, the level of capital adequacy is very important for banks to channel credit (Siamat, 2003). A high CAR means that the bank is able to finance operational activitiesand make a sizeable contribution to profitability (Dendawijaya, 2001). According to the Indonesian economic report, the main source of a bank's profit is derived from the disbursed credit. If the CAR ofa bank is high, it shows that the bank's ability to manage risk is getting stronger and better. Banks thathave a high CAR have a lot of credit, so if the CAR increases it will increase the LDR (Nandadipa, 2010). The lower the LDR indicates the bank's lack of effectiveness in lending so that the bank loses the opportunity to earn a profit (ROA) (Rusdiana, 2012). Research conducted by Nasiruddin (2005) and Laksana (2006) resulted in a positive and significant effect of CAR on LDR. Followed by research by Kartika (2006), Mahardian (2008), Nusantara (2009), Purwana (2009), Ariyanti (2010), Bambang Sudiyanto (2010) that LDR has a positive and significant effect on ROA. So that the hypothesis can be drawn as follows:
H6: *CAR has a significant positive effect on ROA mediated by LDR.*

Non Performing Loan to Retturn On Assets Mediated By Loan to Deposit Ratio

According to (Dendawijaya, 2003, p. 86) Non-Performing Loans, if they cannot be handled properly, include the loss of opportunities to obtain income opportunities from loans, thereby reducingprofits and reducing the ability to provide credit. The number of non-performing loans in the previousperiod made banks not dare to increase their lending, especially if third party funds could not be achieved optimally, therefore non-performing loans had a negative effect on LDR (Utari, 2011). Previous research conducted by Nasiruddin (2005) and Nandadipa (2010) resulted in NPL having a negative and significant effect on LDR. The lower the LDR indicates the bank's lack of effectivenessin lending so that the bank loses the opportunity to earn a profit (ROA) (Rusdiana, 2012). Research conducted by Kartika (2006), Mahardian (2008), Nusantara (2009), Purwana (2009), Ariyanti (2010),Sudiyanto and Suroso (2010) and Tiara (2011) shows that LDR has a positive effect on profitability (ROA). . The NPL ratio in the previous year can affect the amount of bank profitability in the next period.

H7: *NPL has a significant positive effect on ROA mediated by LDR.*

Conceptual Model

The conceptual framework is a major foundation upon which the full research project is aimed. Conceptual framework is also a model that explains a theory with known important factors in a particular problem. The conceptual framework is connected theoretically between the research variables, namely between the independent variable and the dependent variable. This study uses CAR and NPL as independent variables, while profitability and LDR are used as dependent variables.

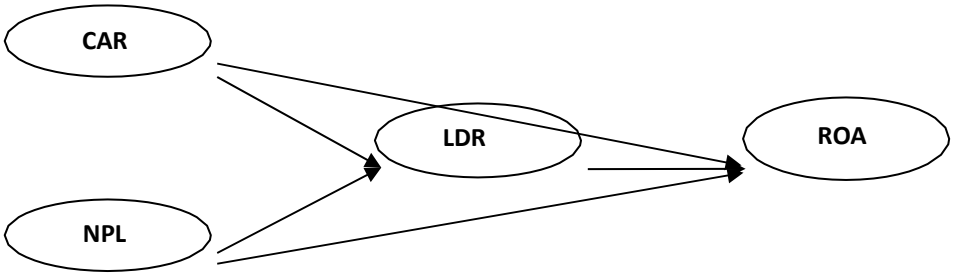

Figure 1: The Conceptual Model

RESEARCH METHOD

Location and Research Design

This research will be conducted at commercial banks listed on the Indonesia Stock Exchange (IDX). Data collection was obtained through the Indonesian Stock Exchange Gallery (South Sulawesi)Jl. A.P. Pettarani No.9, kec. Panakukang, Makassar City. The time used in this study is approximatelyone month.

Population or Samples

The population used in this study are commercial banks listed on the Indonesia Stock Exchange,totaling 36 banks. The reason for selecting the sample using purposive sampling is because not all samples have criteria according to what the author has determined. Based on the sample selection usingpurposive sampling, the banking companies that meet the criteria are 20 banks listed on the Indonesia Stock Exchange for the period (2018-2020).

Data Collection Method

The data in this study were collected using the literature study and documentation method. Thestudy method used to collect data is in the form of literature regarding the general description of the research object and the documentation method used to document the financial reports of Commercial Banks in Indonesia which are listed on the Indonesia Stock Exchange for the period 2018 to 2020. Thedata collected in this study are data so that the secondary data collection method uses non-participant observation.

Data Analysis Method

The analytical technique that will be used in this study is to use path analysis techniques. Pathanalysis is a further development of multiple and bivariate regression analysis. Path analysis wants to test the regression equation that involves several exogenous (independent) and endogenous (dependent) variables at the same time so as to allow testing of intervening variables or intermediatevariables (Imam Ghozali, 2008:93). Besides that, path analysis can also measure the direct relationship between variables in the model and the indirect relationship between variables in the model.

$$ROA = \beta 1CAR + \beta 1\ LDR + \beta 1NPL + z$$

$$LDR = \beta 1CAR + \beta 1NPL + z1$$

EMPIRICAL RESULTS

Descriptive Statistics

Statistical analysis is a statistic used to analyze data by describing or describing the data that has been collected without the purpose of making generally accepted conclusions or generalizations (Sugiyono, 2014:147). Descriptive statistical analysis in this study describes the minimum, maximum,mean and standard deviation of each variable being analyzed.

Table -1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation

CAR	60	12.67	55.64	24.0880	8.77084
NPL	60	.00	4.95	1.8050	1.34059
LDR	60	39.23	163.00	87.7452	19.87779
ROA	60	-4.61	7.45	1.6765	1.61652
Valid N (listwise)	60				

Source: SPSS version 20

From the data above, it can be explained that: (a) The average CAR value is 24.0880 and the total data is 60. The highest CAR value is 55.64 and the lowest value is 12.67. (b) The average valueof NPL is 1.8050 and the number of data is 60. The highest value of NPL is 4.95 and the lowest valueis 0.00. (c) The average LDR value is 87.7452 and the number of data is 60. The highest LDR value is 163.00 and the lowest value is 39.23. (d) The average value of ROA is 1.6765 and the amount of data is 60. The highest value of ROA is 7.45 and the lowest value is -4.61.

Composit Reliability

Construct validity and reliability is a test to measure the reliability of a construct. The reliability of the construct score should be high enough. Composite reliability criteria are > 0.6

Table -2: Composit Reliability

	Cronbach's Alpha	rho_A	Composite Reliability
CAR	1.000	1.000	1.000
LDR	1.000	1.000	1.000
NPL	1.000	1.000	1.000
ROA	1.000	1.000	1.000

Source: PLS Version 3.00

The conclusion of the composite reliability test is as follows: (1) The CAR (X1) variable is reliable, because the composite reliability CAR (X1) value is 1,000>0.6. (2) The NPL variable (X2) isreliable, because the NPL composite reliability value (X2) is 1,000>0.6. (3) The LDR (Z) variable is reliable, because the composite reliability LDR (Z) value is 1,000>0.6. (4) The ROA (Y) variable is reliable, because the composite reliability ROA (Y) value is 1,000>0.6

Determination Coefficient (R-Square)

Structural model analysis aims to analyze the research hypothesis. There are at least two parts that need to be analyzed in this model, namely: the coefficient of determination (R-Square) is a measureof the proportion of variation in the value that is influenced (endogenous) which can be explained by the variables that influence it (exogenous) This is useful for predicting whether the model is good/ bad.The r-square result for the endogenous latent variable of 0.75 indicates that the model is substantial (good); 0.50 indicates that the model is moderate (medium) and 0.25 indicates

that the model is weak (poor).

Table -3: R-Square

	R Square	R Square Adjusted
ROA	0.388	0.355

Source : PLS Version 3.00

From table above, it is known that the effect of X1, X2 and Z on Y with an r-square value of 0.388 indicates that the variation in the value of Y can be explained by variations in the values of X1, X2 and Z of 38.8% or in other words that the model is substantial. (good), and 61.2% influencedby other variables.

Path Coefficient

The direct influence between independent variables and variables in this study can be stated as follows:

Table -4: Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
CAR -> LDR	0.079	0.081	0.149	0.531	0.595
CAR -> ROA	0.392	0.339	0.194	2.016	0.044
LDR -> ROA	0.019	0.028	0.147	0.131	0.896
NPL -> LDR	-0.018	-0.020	0.153	0.120	0.905
NPL -> ROA	-0.427	-0.454	0.154	2.773	0.006

Source: PLS version 3.00

Based on Table above, it can be stated that the hypothesis testing is as follows:

a) The effect of CAR on LDR has a path coefficient of 0.079. This influence has a probability value(p-values) of 0.595 > 0.05, meaning that it can be concluded that CAR has no significant effect on LDR in banking companies listed on the Indonesia Stock Exchange.

b) The effect of CAR on ROA has a path coefficient of 0.392. This effect has a probability value (p-values) of 0.044 <0.05, meaning that it can be concluded that CAR has a significant and significanteffect on ROA in banking companies listed on the Indonesia Stock Exchange.

c) The effect of LDR on ROA has a path coefficient of 0.019. This effect has a probability value (p-values) of 0.896 > 0.05, meaning that it can be concluded that LDR has no and no significant effect on ROA in banking companies listed on the Indonesia Stock Exchange.

d) The effect of NPL on LDR has a path coefficient of -0.018. This effect has a probability value (p-values) of 0.905 > 0.05, meaning that it can be concluded that NPL has no and no significant effect on LDR in banking companies listed on the Indonesia Stock Exchange.

e) The effect of NPL on ROA has a path coefficient of -0.427. This influence has a probability value(p-values) of 0.006 < 0.05, meaning that it can be concluded that NPL has a negative and significant effect on ROA in banking companies listed on the Indonesia Stock Exchange.

Specific Indirect Effects

The indirect influence between the independent variables and the dependent variable in this study can be stated as follows:

Table -5: Specific Indirect Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
CAR -> LDR -> ROA	0.002	0.011	0.024	0.062	0.950
NPL -> LDR -> ROA	0.000	-0.005	0.021	0.017	0.987

Source : PLS version 3.00

Based on Table 5.9 above, it can be stated that the hypothesis testing is as follows:

a) The effect of CAR on ROA through LDR has a path coefficient of 0.002. This effect has a probability value (p-values) of 0.950 > 0.05, meaning that it can be concluded that CAR throughLDR has no significant and significant effect on ROA in banking companies listed on the Indonesia Stock Exchange.

b) The effect of NPL on ROA through LDR has a path coefficient of 0.000. This influence has a probability value (p-values) of 0.987 > 0.05, meaning that it can be concluded that NPL through LDR has no and significant effect on ROA in banking companies listed on the Indonesia StockExchange.

DISCUSSION

Based on the research obtained regarding the CAR on LDR the results of hypothesis testing it can be concluded that CAR has a positive and insignificant effect on LDR in banking companies listedon the Indonesia Stock Exchange.This shows that the percentage level of CAR in banking companies is quite good. The Capital Adequacy Ratio (CAR) reflects the bank's ability to cover the risk of loss from its activities and the bank's ability to fund its operational activities. The higher the Bank's CapitalAdequacy Ratio (CAR), the better the bank's ability to bear the risk of any risky credit or productive assets. If the Capital Adequacy Ratio (CAR) of a bank is high, the bank will be able to finance its operational activities and contribute quite a lot to the LDR.

Based on the research obtained regarding the CAR on ROA the results of hypothesis testing it can be concluded that CAR has a positive and significant effect on ROA in banking companies listed on the Indonesia Stock Exchange. This shows that the level of profits obtained from banks is significantly affected by the size of CAR if the bank only uses most of its capital to cover operational failures such as non-performing financing. and others. In addition, it can occur because the increase inprofitability is also followed by the increasing need for reserve formation in order to anticipate the consequences of increased risk in line with optimizing asset productivity, so that the Bank's capital adequacy as proxied by CAR has increased. In addition, CAR which has a positive and insignificant effect on ROA can be due to significantly utilizing other sources of additional capital so that capital growth cannot keep pace with the growth of productive assets.

Based on the research obtained regarding the LDR on ROA the results of hypothesis testing it can be concluded that LDR has a positive and insignificant effect on ROA in banking companies listedon the Indonesia Stock Exchange. LDR shows the level of the bank's ability to channel third party fundscollected by the bank concerned. The higher the LDR, the higher the funds channeled to third party funds, so that an increased LDR can increase bank profitability. However, the higher the ratio indicatesthe bank's low liquidity capacity, this is because the amount of funds needed to finance loans is gettingbigger. Thus, LDR has a positive effect on profitability.

Based on the research obtained regarding the NPL on ROA the results of hypothesis testing it can be concluded that NPL has a negative and insignificant effect on ROA in banking companies listed on the Indonesia Stock Exchange. NPL shows that the ability of bank management in managing non- performing loans provided by banks. So that the higher this ratio, the worse the quality of bank credit,which causes the number of non-performing loans to be greater, the greater the possibility of a bank introubled conditions (Almilia and Herdanigtyas, 2005). So if the greater the NPL) will result in a decrease in ROA, which also means the bank's financial performance decreases. The percentage level of NPL does not increase the LDR level.

Based on the research obtained regarding the NPL on ROA the results of hypothesis testing it can be concluded that NPL has a negative and significant effect on ROA in banking companies listed on the Indonesia Stock Exchange. The results of this study are in accordance with the hypothesis and theory that the greater the NPL, the lower the ROA obtained because the poorer credit quality causes the number of non-performing loans to increase. This shows that the increasing number of non- performing loans makes banks do not dare to increase lending, especially since the total third party funds received by banks are not optimal, causing bank liquidity to be disrupted.

Based on the research obtained regarding CAR on ROA through LDR the results of hypothesistesting it can be concluded that CAR through LDR has no positive and significant effect on ROA in banking companies listed on the Indonesia Stock Exchange. The higher the CAR, the better the bank'sability to bear the risk of any risky financing. If the CAR value is high, the bank is able to finance

operational activities and make a sizeable contribution to profitability. So that the CAR has a positive effect on profitability. This shows that the level of profits obtained from banks is significantly affected by the size of the CAR if the bank only uses most of its capital to cover operational failures such as non-performing financing and others. In addition, it can occur because the increase in profitability is also followed by an increase in the need for the formation of reserves in order to anticipate the consequences of increased risk in line with the optimization of asset productivity.

Based on the research obtained regarding NPL on ROA through LDR the results of hypothesis testing it can be concluded that NPL through LDR has a positive and insignificant effect on ROA in banking companies listed on the Indonesia Stock Exchange. The BI regulation stipulates that any increase in outstanding loans provided must be covered with reserves for productive assets by debitingthe reserve cost account for productive assets and crediting the reserve for earning assets write-offs, sothat any increase in loans extended will increase the cost of reserves for productive assets which in theend will affect ROA. Thus, this process will help Commercial Banks to always maintain a maximum NPL of 5% of the total outstanding loans provided by banks at the end of the financial reporting periodafter issuing a write-off reserve account and crediting NPL accounts or non-performing loans accordingto BI regulations. Thus, based on the results of data processing and analysis of empirical conditions, itcan be concluded that credit risk proxied by NPL has no significant effect on ROA.

CONCLUSION

Where after statistical testing it can be said that CAR has a positive and insignificant effect onLDR in banking companies listed on the Indonesia Stock Exchange so that the proposal is rejected. Where after statistical testing it can be said that CAR has a positive and significant effect on ROA inbanking companies listed on the Indonesia Stock Exchange so that the proposed hypothesis is accepted. Where after statistical testing it can be said that LDR has a positive and insignificant effecton ROA in banking companies listed on the Indonesia Stock Exchange so that the proposed hypothesis is rejected. Where after statistical testing it can be said that NPL has a

negative and insignificant effect on LDR in banking companies listed on the Indonesia Stock Exchange so that theproposed hypothesis is rejected. Where after statistical testing it can be said that NPL has a negativeand significant effect on ROA in banking companies listed on the Indonesia Stock Exchange so thatthe proposed hypothesis is accepted.

Where after statistical testing it can be said that CAR through LDR has no positive and significant effect on ROA in banking companies listed on the Indonesia Stock Exchange so that the proposed hypothesis is rejected. Where after testing it can be said that NPL through LDR has a positive and insignificant effect on ROA in banking companies listed on the Indonesia Stock Exchange so that the proposed hypothesis is rejected.

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