Determinants of Profit Growth in Islamic Rural Banks: Ratios and Sharia Governance

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ABSTRACT

This study examines the impact of various factors on profit growth in Islamic Rural Banks (BPRS), focusing on the Financing to Deposit Ratio (FDR), Capital Adequacy Ratio (CAR), Operating Expenses to Operating Income (BOPO), Non-Performing Financing (NPF), Cash Ratio (CR), and the Sharia Supervisory Board (SSB). Using secondary data from annual financial reports of BPRS registered with the Financial Services Authority between 2019-2021, this research applies a quantitative approach with panel data regression analysis. The findings show that: (1) NPF negatively affects profit growth, lower NPF leads to higher profit growth; (2) FDR has no effect on profit growth; (3) BOPO negatively impacts profit growth, lower BOPO contributes to higher profits; (4) CAR positively influences profit growth-higher CAR supports greater profit growth; (5) CR does not affect profit growth; and (6) SSB does not impact profit growth, indicating that the presence or absence of SSB members does not influence profitability.

Keywords: *Profit growth; Capital Adequacy Ratio; Cash Ratio; Sharia Supervisory Board; Islamic Bank.*

ABSTRAK

Penelitian ini mengkaji pengaruh berbagai faktor terhadap pertumbuhan laba pada Bank Pembiayaan Rakyat Syariah (BPRS), dengan fokus pada Rasio Pembiayaan terhadap Simpanan (FDR), Rasio Kecukupan Modal (CAR), Beban Operasional terhadap Pendapatan Operasional (BOPO), Pembiayaan Bermasalah (NPF), Rasio Kas (CR), dan Dewan Pengawas Syariah (SSB). Menggunakan data sekunder dari laporan keuangan tahunan BPRS yang terdaftar di Otoritas Jasa Keuangan periode 2019-2021, penelitian ini menerapkan pendekatan kuantitatif dengan analisis regresi data panel. Hasil penelitian menunjukkan bahwa: (1) NPF berpengaruh negatif terhadap pertumbuhan laba, semakin rendah NPF, semakin tinggi pertumbuhan laba; (2) FDR tidak berpengaruh terhadap pertumbuhan laba; (3) BOPO berpengaruh negatif terhadap pertumbuhan laba, semakin rendah BOPO, semakin tinggi pertumbuhan laba; (4) CAR berpengaruh positif terhadap pertumbuhan laba, semakin tinggi CAR, semakin tinggi pertumbuhan laba yang dihasilkan; (5) CR tidak berpengaruh terhadap pertumbuhan laba; dan (6) SSB tidak berpengaruh terhadap pertumbuhan laba, yang menunjukkan bahwa keberadaan atau ketidakhadiran anggota SSB tidak memengaruhi profitabilitas.

Kata kunci: Profit growth; NPF; FDR; BOPO; Capital Adequacy Ratio; Cash Ratio; Sharia Supervisory Board; Islamic Bank.

INTRODUCTION

In Indonesia itself, the banking sector is divided into two sub-categories, namely conventional/traditional banking and Islamic banking. According to UU/21/2008, conventional banking is a bank that manages its business activities traditionally, which based on its type consists of Conventional Commercial Banks and People's Financing Banks (BPR). So in general, conventional banking is a bank in its business activities carried out conventionally by adhering to national and international principles, as well as applicable laws. In addition, the profit or benefit obtained by conventional banks is obtained from the difference in interest on deposits given to customers or clients with credit or loan interest that has been distributed.

In the world of Islamic banking in the current era, it is developing very rapidly, reviewed from the statistical data of Islamic banking in December 2021, it states that the number of Islamic banks that have spread across Indonesia has reached 12 BUS, the number of Islamic Business Units has reached 21 UUS while the number of Islamic People's Financing Banks has reached 164 BPRS and of course it could continue to increase in the future (OJK, 2021) . This makes every Islamic bank in Indonesia compete healthily to achieve the greatest possible profit in order to improve the performance of the bank itself.

BPRS itself is a sharia bank whose operational/business activities collect funds obtained from the community or customers and then distribute the funds to the community or customers, place funds in sharia banks in the form of wadi'ah contracts based on mudharabah contracts/other contracts that still uphold sharia principles that do not conflict, transfer money for the benefit of customers or individuals, and provide various sharia products (Law/21/2008). Until 2021, the number of BPRS in Indonesia has reached 164 where this number may increase every year. BPRS has business activities in collecting funds in the form of savings based on *wadi'ah contracts* /other contracts that are still based on sharia principles, and investments in the form of deposits/savings based on mudharabah contracts or other contracts that are also based on sharia principles.

One of the BPRS activities according to Law/21/2008 Article 19 (1) is to distribute funds to the community or customers in the form of financing. The current phenomenon is that the total financing distributed each year always increases, but the profit obtained by BPRS tends to decrease. It can be seen in table 1 regarding the composition of BPRS financing which has increased from 2019 to 2020 by 7.42% and from 2020 to 2021 by 12.19%. This indicates that every year the financing distributed by BPRS to customers always increases. Meanwhile, in table 2 regarding profit growth at BPRS, there has been a decline, where in 2019 the profit growth generated was quite large, namely 45.13%, but in 2020 it decreased by -14.35% and in 2021 there was an increase that was not too significant, namely only 1.57%. Although there was a slight increase in 2021, the resulting profit growth was still much lower than the profit growth in 2019.

Table 1Composition of BPRS Financing in 2019-2021 (In Millions of Rupiah)

Contract	2019	2020	2021
Mudharabah	240,606	260,651	230,283
Musyarakah	1,121,004	1,551,953	2,227,777
Murabahah	7,457,774	7,648,501	8,141,604
Istishna	67,178	72,426	102,388
Lease	41,508	53,318	107,106
Qardh	176,856	222,678	254,553
Multiservice	838,394	871,973	920,090
Total	9,943,320	10,681,500	11,983,801

Source: Islamic Banking Statistics 2021, processed

From table 1, it can be seen that every year the financing provided by BPRS has experienced a significant increase, where in 2019 the total financing distributed was IDR 9,943,320. Then it continued to increase until 2021 with the total financing provided by BPRS reaching IDR 11,983,801. The table also contains financing for each contract which is the composition of financing where for the mudharabah contract in 2021 it decreased from IDR 260,651 to IDR 230,283. This is different from other contracts such as the Musyarakah, Murabahah, Salam, Istishna, Ijarah, Qardh, and Multijasa contracts which increase every year. With financing from these contracts, it is hoped that BPRS will obtain profits for their companies while still paying attention to the financial ratio or financial performance of BPRS related to operational income and profit sharing financing . Because a company's performance will be said to be good if the resulting profit growth is getting better.

Table 2Growth 2019-2021

Year	Net profit	Profit Growth
2019	252,044	45.13%
2020	215,876	-14.35%
2021	219,271	1.57%

Source: 2021 Islamic Banking Statistics, processed

Reviewed in table 2 above, the profit obtained by BPRS is not stable yet, where it is still fluctuating. It can be seen from the profit growth in 2020 which faced a significant decline of 14.35% or only reaching a profit of IDR 215,876 from the profit in 2019 which reached IDR 252,044. This is because at the beginning of 2020, the Covid-19 virus came to Indonesia, so that the company's management had not been able to formulate a strategy that must be implemented when this pandemic occurred. However, in 2021, it faced an increase but not too significant because it was still lower than the profit generated in 2019, which was only 1.57% or from IDR 215,876 to IDR 219,271. This is because the BPRS management has begun to adapt to the pandemic due to the 2019 *coronavirus disease* that spread in Indonesia.

Since the entry of the Covid-19 virus, the banking sector has been affected, but not as much as other sectors when compared to other sectors such as the food sector, because people's ability to buy necessities will decrease due to the impact of the decline in income or income of the community itself. The spread of the Covid-19 virus in Indonesia certainly has

an impact on the performance of BPRS where in the Financial Services Authority Regulation (POJK) No. 34 / POJK.03 / 2020 concerning policies for Rural Credit Banks (BPR) and Sharia Rural Financing Banks (BPRS) as a result of the spread of *the coronavirus disease* 2019, things that can disrupt the performance of BPR and BPRS are the potential for increased credit risk so that cash inflows weaken. Therefore, in optimizing the performance of BPR and BPRS, there should be regulations while still prioritizing the principle of prudence, thus OJK stipulates the Financial Services Authority Regulation (POJK) Number 34 / POJK.03 / 2020.

In order to increase the cash inflow or profit generated by this BPRS, a financial ratio is needed that supports the increase in profit, because the calculation of this ratio is related to operational income and profit sharing financing. Financial ratios are used as a tool in evaluating/assessing financial reports, to determine the advantages and disadvantages of the company's financial performance, and as a comparative tool for entities with competitors to determine the entity's financial policies in the future (Hanafi & Halim, 2009 p. 45) . Based on the data attached to the website www.ojk.go.id regarding financial ratios, in this study the researcher determined several instruments from financial ratios that became independent variables, including *the Financing to Deposit Ratio* (FDR), Minimum Capital Provider Obligation (KPMM) or known as the *Capital Adequacy Ratio* (CAR) , Operating Expenses to Operating Income (BOPO), *Non-Performing Financing* (NPF) and *Cash Ratio* (CR).

In addition, so that the financial ratio produced each year can increase profit growth, supervision is needed by the Sharia Supervisory Board (SSB). As stated in POJK No. 24 / POJK.03 / 2018 Article 44 paragraph (1) the duties and responsibilities of the SSB are to provide advice and input to the Board of Directors and provide supervision for the implementation of BPRS activities so that they are always based on sharia principles. In POJK No. 24 / POJK.03 / 2018 Article 40 BPRS is generally required to have two SSB or experts in the field of sharia and a maximum of three SSB. Therefore, SSB becomes an independent variable that has an important role as a supervisor of BPRS so that it can generate increased profits that are still guided by sharia principles.

Non Performing Financing (NPF) is a financial ratio intended to assess problematic financing which is used as an indicator of the health level of a bank. In Muniarti's research (2022), the NPF variable affects profit growth because it has an NPF value of 5.473, which means that banking is on the threshold of normal because a good NPF level is <5%. This condition is in accordance with research conducted by Akhyar et al. (2018) and Bimantoro & Ardiansah (2018) which prove that NPF has a significant effect on profit growth. However, research conducted by Suryani & Ika (2019) and Medyawati & Yunanto (2018) is different , where NPF does not have a significant effect on profit growth. Meanwhile, research by Siregar et al. (2019) and Mujaddid & Sabila (2018) conducted similar research which proved that NPF had a negative effect on profit growth.

Financing to Deposit Ratio (FDR) is used to calculate financing distributed with the amount of third party funds, with a good FDR standard reaching 85%-110%. Research conducted by Bimantoro & Ardiansah (2018) and Fitrianisa et al. (2021) measured the FDR variable that has a significant effect on profit growth. Operating Expenses to Operating

Income (BOPO) is one of the ratios used by banks to assess the level of operational efficiency of banks, if a bank obtains greater profits/advantages, it will produce increasingly efficient operational performance. The BOPO variable used by Wulandari & Rofiuddin (2022) , Tanan (2020) and Medyawati & Yunanto (2018) as a research variable found that BOPO has a positive effect on profit growth.

Capital Adequacy Ratio (CAR) or known as the capital adequacy ratio is used to assess the level of adequacy of a bank's capital. Research by Akhyar et al. (2018) , Medyawati & Yunanto (2018) Muniarti (2022) and Bimantoro & Ardiansah (2018) revealed that CAR has a positive influence on profit growth. *Cash Ratio* (CR) is included in the liquidity ratio used to measure the company's capability to pay off current liabilities or short-term debt. The CR variable used in Tanan's research (2020) gave significantly positive results on profit growth.

The Sharia Supervisory Board (SSB) is an independent board that is tasked with providing advice and input and supervising BPRS activities so that they always adhere to sharia principles. In research conducted by Maria et al. (2019) showed that SSB has a significant positive effect on profit growth. However, this is different from research conducted by Putra & Santoso (2021) where SSB has no effect on profitability. And research by Mukhibad & Anisykurlillah (2020) revealed that SSB has an indirect effect on profitability.

From several previous studies that have been discussed, researchers see that there are several *research gaps*, namely inconsistent research results, where with the same variables previous researchers produced different conclusions. Then the objects used are mostly Islamic Commercial Banks, where BPRS itself has not been widely tested as a research object. In addition, there is no recent research data, where the latest data is only up to 2020.

The researcher tries to provide several research contributions, first, in this study the researcher chooses a different object from the previous research that the author has described above, namely the object of BPRS, where this research object is still limited to use by other researchers, so that the novelty of this object will increase literacy for readers. Second, this study uses variables other than the financial ratio, namely SSB, in order to find out whether the presence of SSB in each BPRS will affect increased profits. Finally, this study uses the current research year period, namely the financial data for the 2019-2021 period, where in 2020 the Covid-19 pandemic occurred which weakened the world economy, so that the novelty in this study can be used as a picture of the company's financial condition if it is affected by a disaster that could not be predicted in advance, besides it is useful for seeing the company's financial condition before and after the Covid-19 pandemic.

LITERATURE REVIEW
Signalling Theory

The signal theory was first put forward by Spence (1973) explaining that this theory contains signals or signals in the form of information from the sender regarding the condition of the company that can be useful for the recipient. Then Brigham & Houston (2019) added the opinion that signals are actions taken by *company management* in providing direction to investors regarding the understanding of *company prospects* in the future. So this theory has

the view that this signal is important for external parties, especially investors, to see the condition or quality of a company can be said to be good or bad.

The implications of signal theory with this research are based on the financing distributed and the profit growth generated by BPRS. As is known, if the financing that has been distributed by BPRS increases, then it will also get an increase in profit, because the financing in the form of these contracts is a BPRS product offered to the public. If the public is willing to save their funds in BPRS, then the financing distributed will be greater so that it will increase the profit at BPRS.

The increasing profit generated is a positive signal for the public to save their funds in BPRS so that more funds are distributed, because this can be interpreted that BPRS has good performance in managing its funds. The increase or decrease in profit can be described by the financial ratio presented in the financial report which can indicate the profit obtained has decreased or increased because the calculation of this ratio is related to operational income and profit sharing financing.

Profit Growth

Muniarti (2022) argues that profit growth is the percentage increase in profit obtained by the company, where profit growth that is said to be good will show good *financial performance as well.* Mursyidan & Hanantijo (2016) emphasize that profit growth that is said to be good will indicate that the entity has good *financial performance , which in turn can increase the value* of a company. So that profit growth can be interpreted as an increase in profit obtained by the BPRS to indicate that the BPRS has good *financial performance so that later it can increase the value of the company so that investors are interested in investing their capital in the BPRS.* Manurung & Kartikasari (2017) explain that increasing profit growth will attract investors so that the large amount of profit generated will prosper these investors.

Financial Ratios

Hidayat (2018) stated that financial ratios are created to help evaluate and identify the strengths and weaknesses of financial reports. In addition, it is used as a comparative tool for companies with competitors regarding the company's financial policies in the future. Ihwandi et al. (2020) added that financial ratios are useful for management because they can be used to evaluate business developments and determine future business strategies. According to Toto Prihadi (2019), financial ratios are very often discussed in management discussions, especially regarding profitability because profitability is a company's benchmark for management success in carrying out operational activities.

So from the explanations of several experts, it can be concluded that the financial ratio is a comparison of past and present financial data that contains the financial health condition of the company which is used to predict future financial performance which is useful for determining future strategies because it is often related to profitability or profit growth.

Non-Performing Financing (NPF)

Non Performing Financing (NPF) in banking is determined to assess the proportion of problematic or non-performing financing. The increasing NPF will have a negative impact on bank performance which will result in a lack of capital so that it will reduce the amount of the

bank's income (Yusup et al., 2017) . Therefore, banks must have a low NPF so that bank performance increases so that it can increase its income.

In the SEOJK.03/2019 Appendix, research by Bimantoro & Ardiansah (2018) and research by Suryani & Ika (2019) NPF can be formulated by dividing the amount of non-performing financing (JPB) by the total amount of financing (JP). JPB is symbolized for the amount of financing placed on substandard, doubtful and bad collectibility or also called problematic financing, while JP is symbolized for the amount of financing owned by BPRS (SEOJK.03/2019 Attachment) . The use of problematic financing for NPF calculations is because the financing will be a problem for BPRS. So it is necessary to calculate whether the financing included in this category is large or not , in order to see the bank's performance from the NPF side.

Financing to Deposit Ratio (FDR)

Financing to Deposit Ratio (FDR) according to Siregar et al. (2019) is the bank's ability to provide funds and distribute funds to customers, which has an impact on profitability. Somantri & Sukmana (2020) explain that a high FDR ratio will indicate that the bank can manage its intermediation function optimally but if it is higher then its liquidity will decrease because more funds are allocated for financing/credit. However, a high FDR value will indicate that more credit funds are being distributed and if the bank's condition is not problematic it can increase profit sharing income so that the resulting profits grow and increase (Muniarti, 2022) .

Operating Expenses to Operating Income (BOPO)

Operating Expenses to Operating Income (BOPO) is one of the financial ratios intended to assess the level of operational efficiency of banking against operational income, which can be said to be inefficient if the BOPO value is too high (IBI, 2014) . Medyawati & Yunanto (2018) stated that the BOPO ratio or better known as the efficiency ratio is determined to estimate *the performance* of bank management in managing operational costs against its operational income. Therefore, the BOPO ratio in BPRS is used by management to measure operational costs to be efficient so that the operational income obtained increases.

Capital Adequacy Ratio (CAR)

Capital Adequacy Ratio (CAR) or capital adequacy ratio is used to assess the adequacy of bank capital. According to Suryani & Ika (2019) CAR is a ratio to assess the adequacy of bank capital in supporting assets that carry risks, such as providing credit. A higher CAR ratio will have a large capital capacity so that it will affect the company's increasing *profit , because the large capital can improve the quality of management in managing its funds for investment activities that can benefit the company* (Muniarti, 2022) . CAR in research by Siregar et al. (2019) , Bimantoro & Ardiansah (2018) , Suryani & Ika (2019) and in the appendix SEOJK.03/2019 can be calculated by dividing Capital by ATMR.

The calculation of capital divided by Risk Weighted Assets (RWA) has been regulated in the Financial Services Regulation concerning the Minimum Capital Provision Obligation (KPMM) and the Fulfillment of the Minimum Core Capital of Sharia Rural Financing Banks.

This measurement is intended to assess the adequacy of BPRS capital in penetrating losses and fulfilling the applicable KPMM (SEOJK.03/2019) .
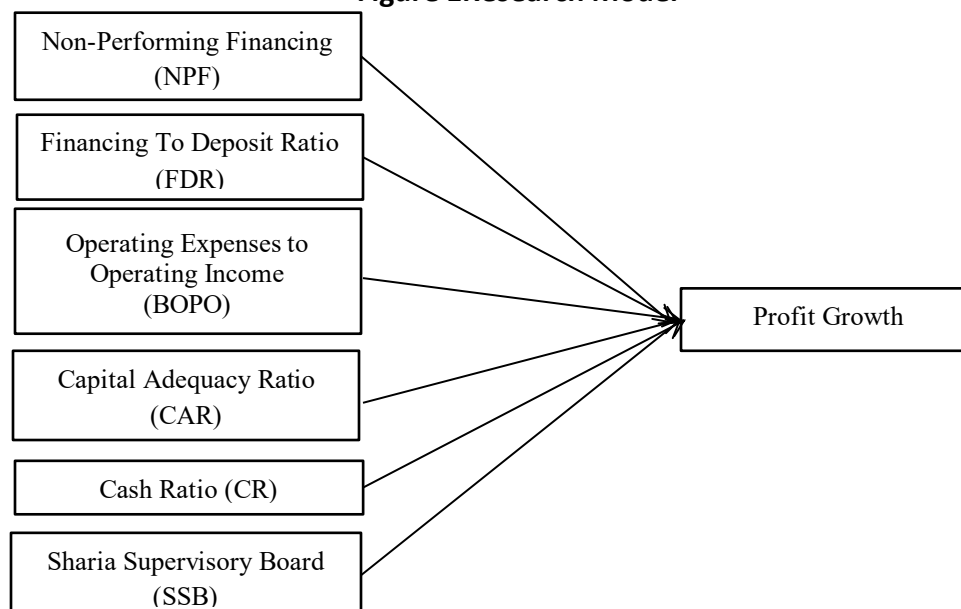
Cash Ratio (CR)

Cash Ratio is a ratio used to measure a company's capability to pay off or pay current liabilities or short-term debts with cash/funds stored in the bank (IBI, 2014) . Yulianti et al. (2022) argue that *Cash Ratio* is a form of refinement of *Quick Ratio* which is useful for assessing the company's finances for existing cash and cash equivalents. So that *Cash Ratio* can be measured using the company's cash and cash equivalents. According to Tanan (2020) the greater the company's ability to cover its short-term liabilities, the higher the ratio of current assets to current liabilities. The higher *the Cash Ratio* produced, the higher the profit generated by the company (Handayani & Nugroho, 2018) . Therefore, the *Cash Ratio value* must be high, which means that the company can pay off its current liabilities, so that the company can also obtain high profits.

Sharia Supervisory Board (SSB)

The Sharia Supervisory Board (SSB) is an independent board that is tasked with providing advice and input and supervising BPRS activities so that they are always based on sharia principles. The duties and responsibilities of SSB as stated in POJK No.24/POJK.03/2018 Article 44 paragraph (1) are to provide advice and input to the Board of Directors and provide supervision for the implementation of BPRS activities so that they are always based on sharia principles.

Figure 1Research Model

Maria et al. (2019) stated that the dominant role of SSB for the company will maintain public trust regarding the *operating activities* of sharia banks that are in accordance with sharia principles, thus this will increase the number of customers which will automatically increase the amount of income. Therefore, SSB plays an important role as a supervisor of

BPRS so that it can generate increased profits that are still guided by sharia principles. In the research of Maria et al. (2019) , Putra & Santoso (2021) and Mukhibad & Anisykurlillah (2020) SSB can be measured by the number of SSB members in each bank. The number of SSB members is used because in POJK No.24/POJK.03/2018 Article 40 which stipulates that BPRS are generally required to have one SSB or expert in the sharia field who supervises the BPRS to maintain compliance with sharia guidelines.

Research Model

research contains independent variables (free) and dependent variables (bound) . Where for the independent variables (free) themselves there are 6 (six) variables used, consisting of *Non Performing Financing* (NPF), *Financing to Deposit Ratio* (FDR), Operating Expenses to Operating Income (BOPO), *Capital Adequacy Ratio* (CAR), *Cash Ratio* (CR) and Sharia Supervisory Board (SSB). While profit growth is used as a dependent variable (bound). The basis for selecting these variables is because of the phenomenon of research conducted by previous researchers described above. So the research model that the researcher uses is as follows:

Hypothesis
The Impact of Non-Performing Financing (NPF) on Profit Growth

Signal theory explains management actions in providing information to outside parties regarding the condition of the company. NPF is interpreted as a financial ratio used to measure problematic financing. If the NPF ratio produced by BPRS is lower, it will increase the growth of profits generated, this will be a positive signal for users of financial statements to save their funds in BPRS so that the financing distributed by BPRS will also increase. Conversely, if the NPF ratio is high, it indicates that a lot of financing is distributed but not collected, therefore the bank's opportunity to make a profit is lost (Mujaddid & Sabila, 2018) . This shows that a high NPF value will give a negative signal to users of financial statements because the increasing NPF will have a negative impact on BPRS performance which will result in a lack of capital so that it will reduce the amount of income or profit from the BPRS (Yusup et al., 2017) . So that it has an impact on the level of financing distributed decreasing because the public/customers do not want to save their funds in BPRS.

Akhyar et al. (2018) explained in their research that NPF has a positive effect on profit growth. Similar to the research conducted by Bimantoro & Ardiansah (2018) and Muniarti (2022) . However, the results of this study are not in line with the research of Suryani & Ika (2019) and Medyawati & Yunanto (2018) which argue that NPF has no effect on profit growth. In contrast, the research of Siregar et al. (2019) and Mujaddid & Sabila (2018) proved that NPF affects profit growth in a negative direction. So this supports the statement that has been described above if a high NPF ratio will describe the large amount of uncollectible financing which has an impact on banks that cannot obtain a lot of profit or in other words the resulting profit decreases. So that first hypothesis formulation is:

H $_1$: *Non Performing Financing* (NPF) has a negative effect on Profit Growth.

The Influence *of Financing to Deposit Ratio* (FDR) on Profit Growth

FDR is a measurement ratio that compares financing with third-party funds. A higher FDR value will indicate the amount of credit funds distributed and if the bank's condition does not have problems, profit sharing income will increase so that profit growth will also increase (Muniarti, 2022) . When associated with signal theory, the FDR value will provide a positive signal to customers indicating the high level of financing distributed and will increase the profits generated so that customers are willing to save their funds at BPRS.

Research by Akhyar et al. (2018) , Muniarti (2022) , Siregar et al. (2019) , Suryani & Ika (2019) and Medyawati & Yunanto (2018) stated that FDR does not affect profit growth, which means that every change in the FDR value will be followed by insignificant profit growth. However, in the research of Bimantoro & Ardiansah (2018) and Fitrianisa et al. (2021) which proves that FDR has a significant positive effect on profit growth, where an increase in FDR will indicate that the amount of financing provided will generate profit. This supports the statement described above, where the higher the FDR ratio will describe increasing profit growth. Thus, the author formulates the second hypothesis :

H $_2$: *Financing to Deposit Ratio* (FDR) has a positive effect on Profit Growth.

The Influence of Operating Expenses on Operating Income (BOPO) on Profit Growth

In accordance with signal theory, banks provide signals through the BOPO ratio as information on the level of operational efficiency of the bank which will affect profit growth. The lower the BOPO ratio value, the more positive the signal for customers regarding the bank's ability to reduce operational costs incurred to obtain profits whose operational income comes from the financing disbursed. Therefore, it is a positive signal for customers to save their funds in BPRS, so that they can increase the profits obtained and increase the financing disbursed.

In the research of Wulandari & Rofiuddin (2022) , Tanan (2020) and Medyawati & Yunanto (2018) the BOPO ratio has a positive influence on profit growth, possibly because the company has other income or non-operational income to increase the profits obtained.

H $_3$: Operating Expenses to Operating Income (BOPO) has a negative effect on Profit Growth.

The Influence of *Capital Adequacy Ratio* (CAR) on Profit Growth

In line with the signal theory, banking will provide signals in the form of financial information contained in the bank's *financial report to external parties. The CAR ratio must be submitted in the company's financial information, because the CAR ratio is an indicator in assessing the bank's ability to finance its activities originating from the capital owned by a bank* (Suryani & Ika, 2019) . The higher the CAR value, the higher the profit generated and vice versa if the CAR value is lower, the profit obtained will decrease (Bimantoro & Ardiansah, 2018) . Therefore, the CAR value of a bank must be high because this can be a positive signal for customers because with BPRS that have a high CAR value indicates that the bank is able

to manage capital well which will have an impact on the profit generated, so that customers will be interested in saving their funds at BPRS.

Then Akhyar et al. (2018) , Medyawati & Yunanto (2018) , Muniarti (2022) and Bimantoro & Ardiansah (2018) revealed that the CAR variable has a significant positive effect on profit growth. Where this means that the increasing ability of banks to manage capital in their *business activities* will result in an increase in the financing distributed so that it will affect the resulting profit also increasing. Therefore, the fourth hypothesis formulated by the author is :

H $_4$: *Capital Adequacy Ratio* (CAR) has a positive effect on Profit Growth.

The Effect of *Cash Ratio* (CR) on Profit Growth

In line with signaling theory where banks must provide signals to customers regarding *the Cash Ratio* . This *Cash Ratio* will be a positive signal for customers to invest their capital, because *the Cash Ratio* is an indicator of how the bank is able to pay off its short-term obligations. Handayani & Nugroho (2018) argue that the higher *the Cash Ratio* produced, the higher the profit generated by the company. Therefore, *the Cash Ratio* at BPRS must be high because it indicates that BPRS can pay off its current obligations well which is a positive signal that will attract customer interest in investing their capital/investing which has an impact on increasing BPRS profits.

From the research results of Yulianti et al. (2022) the *Cash Ratio* variable has no effect on profit growth. However, it is different in the research of Handayani & Nugroho (2018) CR has a significant effect on changes in profit, which means that the company's ability to complete its short-term obligations with cash and cash equivalents will affect the changes in the resulting profit, where if the cash generated is higher, the resulting profit will also increase. Tanan's research (2020) also provides significant positive results between the CR variable and profit growth. This indicates that if CR increases, the bank is able to pay off its short-term obligations, so that it will have an impact on increasing the financing distributed or increasing customers to invest their capital which will also have an impact on increasing profit growth. Thus, the fifth hypothesis can be formulated as:

H $_5$: *Cash Ratio* (CR) has a positive effect on Profit Growth.

The Influence of the Sharia Supervisory Board (SSB) on Profit Growth

Signaling theory is an action taken by *company management* to provide guidance to investors regarding the company's future prospects. In this BPRS itself, the management tasked with doing this is the Sharia Supervisory Board (SSB). SSB is tasked with supervising the performance of BPRS in its operational activities so that it remains based on sharia principles. Maria et al. (2019) stated that the dominant role of SSB for the company will maintain public trust regarding the operational activities of sharia banks that are in accordance with sharia principles, so that this will increase the number of customers which will automatically increase the amount of income. Therefore, the presence of SSB in BPRS will provide a positive signal indicating that the BPRS has good performance because there is someone supervising

its activities. So that customers are interested in investing their capital in the BPRS, which of course has an impact on increasing profits.

Based on the results of research conducted by Putra & Santoso (2021) where SSB has no influence on profitability and research by Mukhibad & Anisykurlillah (2020) revealed that SSB has an indirect influence on profitability. However, research conducted by Maria et al. (2019) shows that SSB has a significant positive effect on profit growth, which means that the role of SSB will maintain the level of public trust in the operational activities of Islamic Banks so that it will increase customers and increase the financing distributed which will automatically increase the amount of income and profits. So the formulation of the sixth hypothesis is as follows:

H $_6$: The Sharia Supervisory Board (SSB) has a positive effect on Profit Growth.

RESEARCH METHODS

Operationalization and Measurement of Variables

This study will review the financial ratios consisting of *Non Performing Financing* (NPF), *Financing to Deposit Ratio* (FDR), Operating Expenses to Operating Income (BOPO), *Capital Adequacy Ratio* (CAR), *Cash Ratio* (CR), and the Sharia Supervisory Board (SSB) as independent variables against the dependent variable, namely profit growth.

Table 3Measurement of Variables

Variables	Symbol	Measurement	Measurement Scale
Variable :			
Profit Growth	PG	$\dfrac{Y_t - Y_{t-1}}{Y_{t-1}}$	Ratio
Independent Variables :			
Non Performing Financing	NPF	$\dfrac{Jumlah\ Pembiayaan\ bermasalah}{Jumlah\ Pembiayaan}$	Ratio
Financing to Deposit Ratio	FDR	$\dfrac{Total\ Pembiayaan}{Total\ Dana\ Pihak\ Ketiga}$	Ratio
Operating Expenses to Operating Income	BOPO	$\dfrac{Biaya\ Operasional}{Pendapatan\ Operasional}$	Ratio
Capital Adequacy Ratio	CAR	$\dfrac{Modal}{ATMR}$	Ratio
Cash Ratio	CR	$\dfrac{Kas\ dan\ Setara\ Kas}{Kewajiban\ Lancar}$	Ratio
Sharia Supervisory Board	SSB	$\sum Jumlah\ anggota\ DPS\ di\ setiap\ BPRS$	Ratio

Population and Sample

Population is a unit of research subjects with predetermined qualities and characteristics (Kurniawan & Pupitaningtyas, 2016) . The determination of the population in this research is at the Sharia People's Financing Bank (BPRS) registered with the OJK in the period 2019-2021. BPRS was chosen because this research object has not been widely used by other researchers with the same variables. So the author uses BPRS as a research object in order to increase literacy for readers.

A sample is a part that is included in the population that includes the number and characteristics (Sugiyono, 2013) . Samples are needed in research to be more structured and clear the direction of the research. In this study, the author describes certain criteria used for research samples that are useful so that the data used is more accurate, because there are several BPRS that do not publish their financial reports. These criteria include:

1. Sharia People's Financing Banks (BPRS) registered with the Financial Services Authority (OJK) during 2019-2021.
2. Sharia People's Financing Bank (BPRS) which published complete financial reports for 2019-2021.
3. Sharia People's Financing Bank (BPRS) which has complete information regarding the variables related to this study during 2019-2021

Data and Sources

The type of data used in this research uses secondary data sourced from the 2019-2021 BPRS *financial report recorded at the OJK. Secondary data was chosen by researchers because it has several advantages, including that the data is easy to obtain, the data obtained can be trusted because it has been audited, and does not require a lot of costs.* This study has a data source obtained from the BPRS *annual report* recorded at the OJK for the period 2019 to 2021 which is available on the OJK website www.ojk.go.id.

The author collects information and data related to the variables in this study completely through a literature study with several sources such as books, national and international journals, and other relevant sources. In addition, the author collects data through observations on the OJK website regarding *the annual reports* of BPRS registered with the OJK from 2019 to 2021.

Data Analysis Techniques

In the data analysis technique in this research , the quantitative data analysis method is determined, then at the research test stage the author uses the STATA application and *Microsoft Excel* 2010 to process the data. The regression used is panel data regression to conduct descriptive statistical tests, hypothesis tests and classical assumption tests.

Panel data regression is a combination of data from *cross sections* and *time series* (Savitri et al., 2021) . *Cross section data* includes several objects and types of data within a certain time period. While *time series data* only includes one object/individual but covers a time period in a certain period. There are three approaches to the panel data regression

model including *the Common Effect Model, Fixed Effect Model, Random Effect Model.* The selection between the three models is determined by the following tests: *Chow Test* (Chow Test), *Lagrange Multiplier Test* (LM *Test*), *Hausman Test* (Savitri et al., 2021) . In addition, a classical assumption test is also carried out to ensure that the model is BLUE (Best, Linear, Unbiased, Estimator). The classical assumption tests carried out include: Normality Test, Multicollinearity Test, Heteroscedasticity Test, and Autocorrelation Test (Perdana (2016) ; Purnomo (2016) .

The purpose of this study is to determine and analyze the variables of NPF, FDR, BOPO, CAR, CR and SSB at BPRS in a period of 3 (three) years starting from 2019-2021 . By analyzing data using panel data regression, so that in this research the regression model determined is:

$$PG_{it} = \alpha + \beta_1 NPF_{it} + \beta_2 FDR_{it} + \beta_3 BOPO_{it} + \beta_4 CAR_{iit} + \beta CR_{5t} + \beta SSB_{5t} + e$$

Information :

PG	= *Profit Growth* (Profit Growth)
α	= Constant
NPF	= *Non Performing Financing*
FDR	= *Financing to Deposit Ratio*
BOPO	= Operating Expenses to Operating Income
CAR	= *Capital Adequacy Ratio*
CR	= *Cash Ratio*
SSB	= Sharia Supervisory Board
e	= *error*
it	= BPRS *i* in year *t*

RESULTS AND DISCUSSION

Descriptive Statistics

This research is intended to determine and analyze the influence of the variables NPF, FDR, BOPO , CAR, CR, and SSB on profit growth. In this research, the object of research is all Sharia Rural Financing Banks (BPRS) in Indonesia registered with the OJK in the 2019-2021 period. The reason for determining BPRS is because it is still rarely used by other researchers as a research object. The sample selection in this research uses a *purposive sampling method* based on certain criteria, the following results are obtained:

Table 4Number of Samples Based on Criteria

Criteria	Amount
Number of Islamic People's Financing Banks registered with the OJK for the period 2019-2021	165
Sharia People's Financing Banks that did not publish their annual financial reports consecutively during the period 2019-2021	(7)
Islamic People's Financing Banks do not have the data information required by researchers in the distributed financial reports.	0
Number of BPRS that meet the criteria	**158**
Research period	3

Number of research samples	474

Source: processed secondary data, 2022

Based on the information contained in table 5 above, it can be seen that the number of BPRS registered with the OJK until 2021 is 165 BPRS. Furthermore, the researcher determined the criteria for the object, it was found that the number of BPRS that did not meet the criteria because they did not publish or publish their annual financial reports consecutively in the period 2019 to 2021 was 7 BPRS. So that the final result of the available population is 158 BPRS that have met the sample selection criteria determined by the researcher and the observation period of 3 years, so that a total research sample of 474 samples was obtained.

By using secondary data obtained from *annual reports* published on the official website of the Financial Services Authority (OJK), a sample size of 158 BPRS was obtained in the period 2019-2021. This study used six (6) independent variables and one (1) dependent variable. These independent variables themselves consist of NPF, FDR, BOPO, CAR, CR and SSB, and the dependent variable is profit growth.

After the data was obtained, the researcher then processed the data with descriptive statistics to see the value of the average (*mean*), maximum, minimum and standard deviation. With the help of STATA *software* version 13, the following descriptive statistical results were obtained:

Table 5Descriptive Statistics

Variables	Obs	Mean	Std. Dev.	Min	Max
PG	474	-27,40084	600,2693	-13064.95	155,2858
NPF	474	0.73193	0.858522	-0.0023	0.9681
FDR	474	0.9313207	0.4036088	0	5.06
BOPO	474	0.9007722	0.7759156	-0.0027	15,5602
CAR	474	0.3252795	0.2984152	0	4.69
CR	474	0.4156263	0.5487514	-2,3932	9.34
SSB	474	1.624473	0.7315831	0	3

Note: PG (Profit Growth), NPF (Non Performing Financing), FDR (Financing to Deposit Ratio), BOPO (Operational Expenses to Operational Income), CAR (Capital Adequacy Ratio), CR (Cash Ratio), SSB (Sharia Supervisory Board)

Source: Stata MP 13 output, processed data (2022)

The mean PG value is -28.47644, indicating an average profit growth of -2847.64%, with a standard deviation of 600.2191. This indicates a large variation in the data, so that the mean value does not represent the data accurately. The lowest PG value is -13064.95 at PT BPRS Wakalumi (2020), while the highest is 74.4754 at PT BPRS Amanah Insani (2020). The mean NPF is 0.73193, with a standard deviation of 0.858522, indicating a wide distribution of data. The average non-performing financing at BPRS is 73.19%. The minimum NPF value is -0.0023 at PT BPRS Patriot Bekasi (2019), while the maximum is 0.9681 at PT BPRS Manfaat syariah (2021).

The mean FDR is 0.9313207, indicating that the average financing disbursed is 93.13%. The lowest FDR value is 0, indicating that 6 BPRS are not optimal in carrying out their intermediation function, while the highest is 5.06 at PT BPRS Ngawi Regency (2019). The mean

BOPO is 0.9007722 (90.08%), with a standard deviation of 0.7759156. The minimum value is -0.0027 at PT BPRS Riyal Irsyadi (2019), indicating a loss, while the maximum is 15.5602 at PT BPRS Al Washliyah (2021), reflecting inefficient operational cost management. The mean CAR is 0.3252795 (32.53%) with a standard deviation of 0.2984153, indicating that this data can represent the average condition of BPRS capital. The minimum value is 0, found in 10 BPRS that have not met the minimum capital requirement of 8%, while the maximum is 4.69 at PT BPRS Taman Indah Darussalam (2019).

The mean CR is 0.4156263, with a standard deviation of 0.5487514, indicating a wide distribution of data. The minimum value is -2.3932 at PT Danagung Syariah (2019), indicating difficulty in paying off short-term liabilities, while the maximum is 9.34 at PT BPRS Ngawi Regency (2019). The mean SSB is 1.624473, with a standard deviation of 0.7315831, indicating that the distribution of SSB data is relatively stable. The minimum value is 0, found in 32 BPRS that do not have SSB according to the provisions, while the maximum is 3, found in 7 BPRS that meet the POJK provisions by having 2-3 SSB members.

Overall, this descriptive statistical analysis illustrates significant variations in BPRS performance and compliance with various operational factors, including profit growth, problem financing, cost management, capital adequacy, and the role of SSB.

Hypothesis Test Results and Analysis
Panel Data Regression Model Selection

The next step is to conduct a panel data regression test to determine the most suitable model to use between *the Common Effect Model* , *Fixed Effect Model* or *Random Effect Model* . *This test is used to ensure the selection of the most suitable regression model between the common effect* model and the *fixed effect model* . From this test, the researcher obtained the following results:

Table 6 Results of the Chow and Lagrange Multiplier Tests

Probability	0.8015	1,000
Sig.	0.05	0.05

Source: Stata MP 13 output, processed data (2022)

Based on the test presented in table 7 above, the value of *Probability* F> α (0.05) is 0.8015 . Therefore, the null hypothesis is accepted so that the selected model and the best one used is *the common effect model* . So the results of the test in table 8 show that the value of *Probability F* > α (0.05) is 1,000. So the null hypothesis is accepted and *the common effect model* is the best one used . The Hausman test was not carried out because the Chow test and the Lagrange multiplier test produced the best common effect or PLS (*partial least square*) model, so the Hausman test does not need to be carried out.

Classical Assumption Test

The normality test is carried out to see whether the sample from the population has been distributed normally or not (Perdana, 2016) . This study uses testing with *skewness* and *kurtosis* techniques , where if *the skewness* and *kurtosis* values are between -3 to 3 it can be said that the data is normally distributed (Purnomo, 2016) or in other words the data has

been normally distributed. From this normality test, several variables were found to be not normally distributed. To overcome this, researchers used *treatment winsorize* by 3% (cuts 3 97) to produce normally distributed data on the variables PG, NPF, FDR, BOPO, CAR and CR. So after getting *treatment* for these variables, the results obtained are:

Table 7Normality Test Results

Variables	Skewness	Kurtosis	Information
PG	-1.270865	9.381064	Normally Distributed
NPF	1.72179	5.749294	Normally Distributed
FDR	1.379699	5.805058	Normally Distributed
BOPO	1.221316	6.063183	Normally Distributed
CAR	1.430225	4.690961	Normally Distributed
CR	1.281332	4.40922	Normally Distributed
SSB	-1.068579	3.397826	Normally Distributed

Source: Stata MP 13 output, processed data (2022)

Based on the results of table 10 after *the winsorize treatment was carried out* , it can be seen that the skewness and kurtosis values of each variable produced are no more than 3 and 10. So it can be concluded that all of the variables in this study are normally distributed.

Multicollinearity test is used to determine the relationship or correlation between independent variables (Perdana, 2016) . This test is carried out by referring to the VIF value which is around 1-10 and the tolerance value which shows a number ≥ 0.10. The following are the *output results* of the multicollinearity test using STATA:

Table 8Multicollinearity Test Results

Variables	VIF	*Tolerance*
NPF	1.22	0.821646
FDR	1.22	0.823022
BOPO	1.12	0.893065
CAR	1.11	0.898662
CR	1.04	0.960786
SSB	1.01	0.993183
Mean VIF	1.12	

Source: Stata MP 13 output, processed data (2022)

Referring to the results of table 11 above, it can be seen that the results of the multicollinearity test have been in accordance with the provisions where the VIF value is around 1-10 or less than 10 and the *tolerance value* is greater than 0.10 or 10%. So it can be concluded that all independent variables in this study are declared free from multicollinearity problems.

Heteroscedasticity test is a test that is intended to determine the inequality/difference in variance from the residual of one observation/research to another observation/research. A regression model is said to be good if there is no heteroscedasticity problem that produces a *probability value* > 0.05 (Perdana, 2016) . The test was carried out using *the Breusch Pagan Godfrey Test* , the results of the test, the prob value> chi2 showed a value of 0.000 which indicates a heteroscedasticity problem because the *probability value* >

chi2 is less than 0.05. Thus, *treatment is needed* to overcome the problem of heteroscedasticity in this regression model. *The treatment* used is *the Robustness Test* .

The autocorrelation test is determined to find a correlation or relationship between errors in a certain period with the previous period (Perdana, 2016) . This test is run with *the Wooldridge Test* and it is said that there is an autocorrelation problem if the value of *Probability F* $<\alpha$. The *output results* of the autocorrelation test show a Prob> F score of 0.2846 which states that in this regression model there is no autocorrelation problem because the *probability value* $> \alpha$ (0.05).

Panel Data Regression Test Results

Partial regression test (t-test) is intended to partially understand the significant or insignificant influence between the independent variables on the dependent variable (Purnomo, 2016) . This test can be seen from the calculated t value > t table or the *Prob value < |t|* is smaller than the significance level. then H $_1$ is accepted while H $_0$ is rejected. On the other hand, if the calculated t value < t table or the *Prob value > |t|* is greater than the significance level then H1 $_{is}$ rejected while H0 $_{is}$ accepted. The results of the partial regression test (t-test) are as follows:

Table 9Partial Regression Test Results

Description	Common Effect Model		
	Coefficient	t	Prob > |t|
_cons	2.538655	3.35	0.001
NPF	-7.071868	-2.49	0.013
FDR	-0.173627	-0.38	0.705
BOPO	-3.069744	-4.04	0,000
CAR	1.178079	2.13	0.033
CR	0.176630	0.39	0.696
SSB	0.179368	1.22	0.222
Number of obs	474		
R-Square	0.1854		

Note: PG (Profit Growth), NPF (Non Performing Financing), FDR (Financing to Deposit Ratio), BOPO (Operational Expenses to Operational Income), CAR (Capital Adequacy Ratio), CR (Cash Ratio), SSB (Sharia Supervisory Board)

Source: Stata MP 13 output, processed data (2022)

Based on the results of the tests that have been carried out using a significance level of 5% and the t table value with a 1-sided test (*one tailed*) of 1.64812, while the t table with a 2-sided test (*two tailed*) of 1.96506 with degrees of freedom (df) = nk-1 or 474-6-1 = 467 (n = sample size, k = number of independent variables), then the results obtained are as in table 17 which can be described as follows:

The first hypothesis is that *Non Performing Financing* (NPF) has a negative effect on profit growth. Based on the test results in table 17, it shows that the probability value of the NPF variable is 0.013 or smaller (<) than the 5% significance level (α = 0.05) so that there is a

significant effect. The second hypothesis is that *Financing to Deposit Ratio* (FDR) has a positive effect on profit growth. Based on table 17, it proves that the probability value of the FDR variable is greater than the significance level, namely 0.705> 0.05 so that there is no significant effect.

The third hypothesis is that Operating Expenses to Operating Income (BOPO) has a negative effect on profit growth. Based on table 17, it shows that the probability value of the BOPO variable is 0.000 <0.05 which proves a significant effect. The fourth hypothesis is that *the Capital Adequacy Ratio* (CAR) has a positive effect on profit growth. Based on table 17, it shows that the probability value of the CAR variable is 0.033 or smaller than the significance level (0.033 <0.05) so that it has a significant effect.

The fifth hypothesis is that *Cash Ratio* (CR) has a positive effect on profit growth. Based on table 17, it shows that the probability value of the CR variable is 0.696 or greater than the significance level (0.696> 0.05) which proves that there is no significant effect.

The sixth hypothesis is that the Sharia Supervisory Board (SSB) has a positive effect on profit growth. Based on table 17, it shows that the probability value of the SSB variable is 0.222 which is greater than the significance level (0.222 > 0.05) so it does not have a significant effect.

The determination coefficient is intended to understand the influence of independent variables on dependent variables expressed in percentages (Sugiyono, 2013) . The results of the determination coefficient test can be seen from the *R-Square* ($R2^{) value}$ in table 16. In table 16 it can be concluded that the *R-square value* is 0.1854 or 18.45%. So it means that the extent of disclosure of the FDR, NPF, BOPO, CAR, CR and SSB variables can influence the profit growth variable by 18.45% and the rest is influenced by other variable elements outside of this research.

Discussion
The Influence of NPF on Profit Growth

Non Performing Financing (NPF) is a ratio intended to assess problematic financing which is used as an indicator of the bank's health level. The increasing NPF will have a negative impact on the bank's performance which will result in a lack of capital which will reduce the amount of the bank's income (Yusup et al., 2017) . Therefore, banks must have a low NPF so that bank performance increases so that it can increase its income.

In signal theory, if the NPF ratio produced by BPRS is lower, it will increase the growth of the resulting profit, this will be a positive signal for users of financial statements to save their funds in BPRS so that the financing distributed by BPRS will also increase. However, on the other hand, a high NPF ratio indicates that a lot of financing is distributed but not collected, therefore the bank's opportunity to make a profit is lost (Mujaddid & Sabila, 2018) . This shows that a high NPF value will give a negative signal to users of financial statements because the increasing NPF will have a negative impact on BPRS performance which will result in a lack of capital so that it will reduce the amount of income or profit from the BPRS (Yusup et al., 2017) .

The results of this study are in line with the research conducted by Siregar et al. (2019) and Mujaddid & Sabila (2018) which prove that NPF affects profit growth in a negative direction. Where when there is a decrease in the NPF value, it will have an impact on the increase in profits obtained. The results of this study are also supported by the results of the descriptive statistical test analysis, it is known that the minimum value of the NPF variable obtained by PT BPRS Patriot Bekasi in 2019 was -0.0023 and it is known that in that year PT BPRS Patriot Bekasi had a profit growth of 0.48. Meanwhile, PT BPRS Manfaatsyariah in 2021 was known to have the largest NPF value, namely 0.9681 and its profit growth was -1.47. Thus, it can be concluded that the low NPF value can affect the growth in profits generated.

The Influence of FDR on Profit Growth

Financing to Deposit Ratio (FDR) according to Siregar et al. (2019) is the bank's ability to provide funds and distribute funds to customers, which has an impact on profitability. FDR is intended to assess the level of liquidity of a bank. The results of the hypothesis test state that FDR is unable to provide a significant effect on profit growth. This is evidenced by the probability value which is greater than the significance level, namely 0.705> 0.05 and the calculated t value <t table, namely 0.38 <1.96506. So it can be interpreted that the high FDR value does not affect the bank in increasing profit growth and vice versa.

FDR is a proportion that compares the composition of financing with third party funds. The absence of FDR on profit growth proves that the research results do not match the signal theory. So that the low FDR value in providing and distributing funds to customers as Third Party Funds will affect the bank in obtaining profits which causes a decrease in profits because the bank does not fully place DPK as financing but is used for idle funds (*idle money*) in maintaining liquid assets (cash and assets that can be immediately cashed) thereby increasing maintenance costs which have an impact on reducing the bank's opportunity to make a profit (Muniarti, 2022) . This is a negative signal for customers not to save their funds at BPRS because BPRS places FDR as a cost of maintaining idle funds, not placed for financing which results in no turnover of funds between the bank and customers which will have an impact on decreasing bank income.

The results of this study are in line with research conducted by Akhyar et al. (2018) , Muniarti (2022) , Siregar et al. (2019) , Suryani & Ika (2019) and Medyawati & Yunanto (2018) which prove that FDR has no effect on profit growth. In addition, this study is also strengthened by the results of the descriptive statistical test analysis which shows that the maximum value of the FDR variable obtained by PT BPRS Ngawi Regency was 5.06 in 2019 and it is known that in that year it had a profit growth of 0. So it can be concluded that the high FDR value does not affect the resulting profit growth.

The Influence of BOPO on Profit Growth

Operating Expenses to Operating Income (BOPO) is one of the ratios used by banks to assess the level of operational efficiency of banks, if a bank obtains greater profits/advantages, it will produce increasingly efficient operational performance. BOPO can

be said to be inefficient if the BOPO value is too high (IBI, 2014) . The BOPO ratio in BPRS can be used by management to measure operational costs to be efficient so that the operational income obtained increases. Therefore, the lower the BOPO ratio produced, the more efficient the performance of banking management in managing operational costs for its operational income.

In accordance with the signal theory, banks provide signals through the BOPO ratio as information on the level of operational efficiency of the bank which will affect profit growth. The lower the BOPO ratio value will indicate a positive signal to customers regarding the bank's ability to reduce operational costs incurred in order to obtain profits whose operational income comes from the financing disbursed. Therefore, the existence of the BOPO ratio is a positive signal for customers in saving their funds at BPRS, so that it can increase the profits obtained and increase the financing disbursed.

results are in line with research conducted by Mujaddid & Sabila (2018) and Fitrianisa et al. (2021) where the BOPO ratio has a significant negative effect on profit growth where a smaller BOPO ratio indicates a reduction in operational costs or in other words, the bank is more efficient in *managing its operational costs* which results in increased profit. The results of this research are also supported by BPRS data that has a low BOPO value but has a high profit value, namely PT BPRS Maslahat Dana Syariah Nusantara at 0 and a known profit growth of 1.27. Therefore, it can be concluded that the low BOPO value can affect the resulting profit growth.

The Influence of CAR on Profit Growth

Capital Adequacy Ratio (CAR) or capital adequacy ratio is used to assess the adequacy of bank capital. According to Suryani & Ika (2019) CAR is a ratio to assess the adequacy of bank capital in supporting risky assets, such as credit provided. If the higher the CAR ratio, the greater the capital capacity, it will affect the company's profit, because the large capital can increase management's capability in managing its funds for investment activities that can benefit the company (Muniarti, 2022) . The CAR ratio must be submitted in the company's financial information, because this ratio can be an indicator in assessing the bank's ability to finance its activities from the capital owned by a bank (Suryani & Ika, 2019) .

In line with the signal theory, a higher CAR value will be a positive signal for customers because a BPRS with a high CAR value indicates that the bank is able to manage capital well which will have an impact on the resulting profit, so that customers will be interested in saving their funds at the BPRS. The results of this study are also supported by the probability value of the CAR variable of 0.033 or less than the significance level (0.033 <0.05) and has a calculated t value> t table, namely 2.13> 1.96506.

In addition, this study is also supported by research findings presented by Akhyar et al. (2018) , Medyawati & Yunanto (2018) , Muniarti (2022) and Bimantoro & Ardiansah (2018) which revealed that the CAR variable has a significant positive effect on profit growth. Where this means that the increasing ability of banks to manage capital in their business activities will have an impact on increasing financing disbursed so that it will affect the resulting profit

also increasing. The results that support this research are based on BPRS data that obtained the maximum value, namely PT BPRS Surya Sejati in 2021 of 1.75 and had a profit growth value in that year of 2.98. This means that the BPRS is able to manage capital to finance its activities. Thus, the resulting profit growth can be influenced by the high CAR value.

The Influence of CR on Profit Growth

Cash Ratio is a ratio used to measure the company's ability to pay off or pay current liabilities with cash stored in the bank (IBI, 2014) . The CR ratio can indicate the level of the bank's ability to pay off its short-term debts. In this study, the high probability value and low t-count value indicate that CR is unable to provide a significant effect on profit growth. This can be proven from the probability value of the CR variable of 0.696 or greater than the significance level (0.696> 0.05) and the t-count value <t table (0.39 <1.96506). So it can be concluded that the high and low CR values do not affect the increase or decrease in profits obtained by the bank.

The non-influence of the CR variable on profit growth proves that there is a discrepancy with *the signaling theory* where the CR ratio can be a positive signal for customers to invest their capital so that the resulting profit will increase. *Cash Ratio* is an indicator as to how well the bank is able to pay off its current liabilities with cash and cash equivalents, because it is the most liquid asset . So when the bank wants to use cash and cash equivalents to meet its obligations, the bank can use the funds without incurring costs that can incur other costs that can affect profit acquisition. In other words, the high or low CR ratio will not affect the bank in increasing profit growth.

The research results are in line with those conducted by Yulianti et al. (2022) where the *Cash Ratio variable* has no effect on profit growth. The results of this research are also supported by a total sample of 474 samples, it was found that 0.84% of BPRS were unable to pay their current liabilities. So this is a negative signal for customers not to invest their capital because BPRS cannot pay off current liabilities so that the profit obtained will decrease. Thus, the low CR value cannot affect profit growth.

The Influence of SSB on Profit Growth

The Sharia Supervisory Board (SSB) is an independent board that is tasked with providing advice and input and supervising BPRS activities so that they are always based on sharia principles. The duties and responsibilities of SSB as stated in POJK No.24/POJK.03/2018 Article 44 paragraph (1) are to provide advice and input to the Board of Directors and provide supervision for the implementation of BPRS activities so that they are always based on sharia principles. Maria et al. (2019) stated that the dominant role of SSB for the company will maintain public trust regarding the operating activities of sharia banks that are in accordance with sharia principles, so that this will increase the number of customers which will automatically increase the amount of income. Therefore, SSB plays an important role as a supervisor of BPRS so that it can generate increased profits that are still guided by sharia principles.

In this research, the *probability value* of the SSB variable is 0.222, which is greater than the significance level (0.222 > 0.05) and has a value of t count < t table (1.22 < 1.96506) so that it indicates that SSB cannot significantly affect profit growth. This means that the presence or absence of the role of SSB in BPRS will not affect the resulting profit growth. This proves that there is a misalignment between the research results and the signal theory which states that the presence of SSB will provide a positive signal indicating that the BPRS has good performance because there is someone supervising its activities which will have an impact on increasing profit. As stated in POJK No.24 / POJK.03 / 2018 Article 44 paragraph (1) the duties and responsibilities of SSB are to provide advice and input to the Directors and provide supervision for the implementation of BPRS activities so that they always adhere to sharia principles. So the role of SSB here is only as a supervisor of BPRS so that in carrying out its operational activities it always adheres to sharia principles.

The results of this study are also in line with research from Putra & Santoso (2021) which proves that SSB has no effect on profitability. In addition, the results of this study are also strengthened based on 158 BPRS used with a total sample of 474, it was found that 32 BPRS or 20.25% of BPRS did not have SSB members but the profits obtained continued to grow. Thus, the absence of SSB members in BPRS will not have an effect on profit growth because BPRS will still generate profits even though they do not have SSB because SSB is only authorized as a supervisor to always adhere to sharia principles. However, in order to comply with the Regulations made by OJK in POJK No.24/POJK.03/2018 Article 40, BPRS that do not yet have SSB must immediately comply with these provisions so that in carrying out their operational activities they are in accordance with the requirements set by the regulator.

CONCLUSION AND SUGGESTIONS
Conclusion

This study aims to determine and analyze the effect of financial ratios (NPF, FDR, BOPO, CAR, CR) and SSB on profit growth in BPRS in the 2019-2021 period. The sample used as an observation was 478 samples. Based on the test results and analysis, NPF had a negative effect on profit growth. This indicates that the lower the NPF will affect profit growth which is a positive signal for customers to invest their capital in BPRS so that the financing distributed by BPRS will increase which will also have an impact on increasing profits. FDR does not have a positive effect on profit growth. BOPO has a negative effect on profit growth. Therefore, the low BOPO value has an effect on profit growth which indicates a positive signal for customers to save their funds in BPRS, so that it will increase the profit obtained and increase the financing distributed. CAR has a positive effect on profit growth. In this case, it indicates that the high CAR value produced can affect profit growth, indicating that the increasing ability of banks to manage capital in their business activities will have an impact on increasing financing disbursed, thus becoming a positive signal for customers to save their funds in BPRS which will affect the resulting profit also increasing. CR does not have a positive effect on profit growth. The sixth hypothesis is to obtain results that the SSB variable does not have a positive effect on profit growth.

Suggestion

For further research, it is expected to add other variables from the financial ratio that have not been applied in this research, namely the quality of productive assets (KAP), allowance for productive asset write-offs (PPAP) and *Return on Assets* (ROA). In addition, add other factors outside the financial ratio such as the BI *rate* , inflation, interest rates and Covid-19. In addition, it can add research objects by using Islamic Commercial Banks or Islamic Business Units outside Indonesia. And for data that cannot be obtained from the OJK and BPRS, researchers can then conduct observations and interviews. For companies, the results of this study can be used as an illustration of the implementation to improve performance and optimize the FDR ratio by placing it in Third Party Funds as financing so that there is a turnover of funds between the bank and customers so that it will increase profits because FDR is not placed in idle funds to finance liquidity tools.

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