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Determinants of Profitability in BCA Syariah: The Role of NPF, FDR, and DER from 2015-2023

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Abstract

Islamic banking in Indonesia has shown consistent growth, making profitability a crucial indicator of financial health and competitiveness. This study examines the effect of non-performing financing (NPF), financing-to-deposit ratio (FDR), and debt-to-equity ratio (DER) on return on equity (ROE) at BCA Syariah during 2015–2023. Using a quantitative associative design, we obtained 36 annual observations from financial statements and applied panel regression to evaluate both simultaneous and partial effects. The results indicate that NPF, FDR, and DER jointly influence ROE. Partially, NPF exerts no significant effect, FDR has a significant negative impact, while DER shows a positive but insignificant relationship with ROE. The dominance of FDR highlights the central role of liquidity management compared to credit risk and capital structure.The novelty of this study lies in its contrast with prior findings, where NPF is typically found to significantly reduce profitability. In BCA Syariah's case, strong risk management and stable financing quality appear to mitigate the adverse effects of NPF, making liquidity pressure (FDR) the primary determinant of profitability. Theoretically, this extends the literature on Islamic banking profitability by showing that the impact of financing risk may be context-specific and shaped by internal bank governance. Practically, the findings suggest that BCA Syariah should continue improving financing quality while prioritizing stricter management of third-party funds, thereby strengthening profitability and enhancing its competitive position in the Islamic banking sector.

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INTRODUCTION

Islamic banking has become a pivotal driver of Indonesia's economic development, contributing to financial inclusion and supporting national growth objectives (Anwar et al., 2020). A bank's financial health, particularly its profitability, enhances its ability to attract investors and mobilise third party funds (Krech et al., 2018). Among Indonesia's Islamic banks, BCA Syariah stands out for its active role in financing projects that stimulate economic activity (Sari & Fasa, 2025).

According to Bank Indonesia Regulation No. 13/1/PBI/2011 bank soundness is assessed through a combination of risk-profile indicators and performance ratios (Marsella & Pangestuti, 2023). Profitability ratios, which encapsulate debt, activity, and liquidity dimensions, are central to this evaluation (Brigham & Houston, 2010). Profitability reflects a company's ability to generate earnings relative to its assets, equity, or sales (Solihin et al., 2022). In the banking sector, Return on Equity (ROE) is the most widely used metric to gauge how efficiently a bank's capital generates profit (Balci & Ogul, 2021). Higher ROE signals stronger profitability and, by extension, greater financial stability (Akhtar et al., 2022).

A substantial body of literature links several financial ratios to profitability. Non-Performing Financing (NPF) reflects credit-risk exposure and is generally associated with lower profitability (Dwintama et al., 2022). The Financing-to-Deposit Ratio (FDR) measures the proportion of financing relative to deposits; while a moderate FDR can enhance earnings, an excessively high FDR may strain liquidity (Romdhoni & Chateradi, 2018). Debt to Equity Ratio (DER), which compares total debt to equity, indicates a company's ability to cover its obligations with its own capital (Fachrian & Hidayat, 2023). A lower DER reflects stronger capital capacity to meet obligations (Pratiwi et al., 2021).

Theoretically, if NPF increases, ROE is expected to move in the opposite direction, as higher financing risk reduces profitability (Muksal, 2018). Conversely, a decrease in DER may lead to increased profitability, since stronger equity reduces the burden of debt. FDR behaves differently: a higher FDR generally indicates a higher proportion of financing relative to deposits, which can increase profitability if managed effectively.

Empirically, the values of NPF, FDR, DER, and ROE at BCA Syariah fluctuated from 2015 to 2023. For instance, in the third quarter of 2023, NPF reached its peak at 1.91%, while ROE simultaneously increased from 5.03% to 5.34%. In contrast, in the first quarter of 2020, FDR rose sharply from 90.98% to 96.40%, yet ROE declined from 3.97% to 2.37%. Similarly, DER also fluctuated; in the third quarter of 2018, DER rose from 4.54% to 4.66%, accompanied by a significant increase in ROE from 0.39% to 4.42%.

In this study, the researcher conducted a study by measuring the probability of BCA Syariah using *Return on Equity* and variables that are suspected to affect Return on Equity , namely the variables of Non Performing Financing, Financing to Deposit Ratio, and Debt to Equity Ratio. The NPF, FDR DER and ROE data from 2015 to 2023 are as follows.

Table 1. Annual Data of NFP, FDR, DER and ROE of Bank BCA Syariah for the Period 2015-2023

Year	NPF (%)	FDR (%)	DER (%)	ROE (%)
2015	0,70	91,40	3,13	3,20
2016	0,50	90,12	3,55	3,45
2017	0,32	88,49	4,25	4,28
2018	0,35	88,99	4,60	5,01
2019	0,58	90,98	2,71	3,97
2020	0,50	81,32	2,53	3,07
2021	1,13	81,38	2,75	3,15
2022	1,42	79,91	3,32	4,14
2023	1,04	82,32	3,69	5,16

Source: Annual Financial Reports of BCA Syariah (2015–2023), processed.

The table illustrates that at the beginning of the period (2015–2017), NPF was relatively low (0.70% → 0.32%), while DER increased from 3.13% to 4.25%. This coincided with an increase in ROE, reaching 5.01% in 2018, indicating that higher leverage contributed to profitability. After 2018, FDR gradually declined (from 91.40% to 79.91% in 2022), reflecting reduced financing relative to deposits. During the same period, NPF rose again, especially in 2021–2022 (1.13% → 1.42%), possibly due to the impact of COVID-19 and financing restructuring (Indah & Rokhim, 2023). Despite this, ROE rebounded in 2022–2023, reaching 5.16% (Smith et al., 2018).

Based on these fluctuations and the inconsistency of previous research findings, it is necessary to conduct further investigation on the effect of NPF, FDR, and DER on ROE in BCA Syariah. Therefore, this study aims to analyze both the simultaneous and partial influence of these variables on profitability, providing empirical evidence that can support better financial management in Islamic banking.

Unlike previous studies that generally examine Islamic banks in aggregate or focus on conventional banking institutions, this research specifically investigates BCA Syariah as a case study over a nine-year period (2015–2023). This focus highlights the unique financial dynamics of a mid-sized Islamic bank and captures the impact of economic shocks such as the COVID-19 pandemic, thereby addressing an underexplored gap in the literature while contributing new empirical insights to Islamic banking performance analysis.

METHODS

This study employs a quantitative research method with a correlational design, aiming to analyze the relationship and influence between financial ratios and the profitability of BCA Syariah (Dicu et al., 2019). The subject of this research is BCA Syariah, with the data drawn from its quarterly financial reports for the period 2015–2023. The 2015–2023 period was chosen because it covers long-term financial performance, captures pre- and post-COVID-19 fluctuations, and reflects structural changes in the bank's financing and profitability trends, thus providing a comprehensive view of its financial dynamics. The data used is secondary data obtained from published company documents. To ensure data validity, only audited and officially published financial reports from BCA

Syariah were used, and cross-checking with Bank Indonesia and OJK records was conducted to maintain consistency and accuracy.

The research variables consist of Non-Performing Financing (NPF), Financing to Deposit Ratio (FDR), and Debt to Equity Ratio (DER) as independent variables, and Return on Equity (ROE) as the dependent variable. The instrument used in this study is a documentary study sheet to systematically extract relevant financial data from the company's annual and quarterly reports. The analysis techniques applied include descriptive statistical analysis, simple regression analysis, and multiple linear regression analysis, conducted using IBM SPSS Statistics 26. Prior to hypothesis testing, several classical assumption tests were performed. The normality test used Kolmogorov–Smirnov with the criterion that significance > 0.05 indicates normally distributed residuals. The multicollinearity test applied Variance Inflation Factor (VIF) and Tolerance, with the criterion that VIF < 10 and Tolerance > 0.1 indicates no multicollinearity. The autocorrelation test used the Durbin–Watson method, with the criterion dU < DW < 4–dU indicating no autocorrelation. Finally, the heteroscedasticity test employed the Glejser method, where significance > 0.05 shows no heteroscedasticity (Sihabudin et al., 2021).

Hypothesis testing was carried out through simple regression using the coefficient of determination (R^2) and t-test to determine the partial effect of each independent variable on ROE at a 5% significance level (Mardiatmoko, 2020). In addition, multiple regression analysis with adjusted R^2 and F-test using ANOVA was applied to measure the simultaneous effect of independent variables on ROE. If significance < 0.05, it indicates that the independent variables jointly have a significant influence (Kwak, 2023). The multiple regression model used in this study can be expressed as follows:

$$ROE = \alpha + \beta_1 NPF + \beta_2 FDR + \beta_3 DER + \varepsilon$$

Research Objectives and Hypotheses

This study seeks to quantify the simultaneous and partial effects of NPF, FDR, and DER on BCA Syariah's ROE over the 2015-2023 period. The following hypotheses are examined:

H1: NPF has a negative effect on ROE.

H2: FDR has a negative effect on ROE.

H3: DER has a positive effect on ROE.

H4: NPF, FDR, and DER jointly affect ROE (simultaneous effect).

By testing these hypotheses, the research aims to provide both theoretical contributions to the profitability-determinant literature for Islamic banks and practical guidance for BCA Syariah's financial management strategies.

RESULT AND DISCUSSION

RESULT

The following are the presentations and results of research that have been processed through the IBM SPSS 26 application and in the form of statistical calculations.

Classic Assumption Test

The following are the results of the classic assumption test research on BCA Syariah for the 2015-2023 period with independent variables, namely Non Performing Financing (NPF), Financing to Deposit Ratio (FDR), Debt to Equity Ratio (DER) and dependent

variables, namely Return on Equity (ROE).

Normality Test

The following are the results of the Normality Test from the research that has been conducted using the Kolmogorov-Smirnov Test.

Table 2. Results of Normality Test (Kolmogorov-Smirnov)

Unstandardized Residual		
N		36
Normal Parameters[a,b]	Mean	.0000000
	Hours of deviation	.82452428
Most Extreme Differences	Absolute	.102
	Positive	.082
	Negative	-.102
Test Statistic		.102
Asymp. Sig. (2-tailed)		.200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

The results of the normality test using the Kolmogorov-Smirnov Test can be seen through the Asymp. Sig. (2-tailed) value. With the criteria when the value is Asymp. Sig. (2-tailed) > 0.05 then the data is distributed normally, and vice versa. This research produces an Asymp Value. A sig. (2-tailed) of 0.200, which is > 0.05, means that the data is distributed normally.

Multicollinearity Test

The following are the results of the Multicollinearity Test from the research that has been conducted, namely by looking at the results of the Variance Inflation Factor (VIF) and Tolerance values.

Table 3. Results of Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7.779	2.853		2.726	.010		
	FDR	-.070	.028	-.409	-2.514	.017	.784	1.275
	DER	.490	.196	.376	2.496	.018	.912	1.097
	NPF	.335	.441	.129	.761	.452	.725	1.380

a. Dependent Variable: ROE

The results of the tolerance values of the variables Non Performing Financing, Financing to Deposit Ratio and Debt to Equity Ratio have a value greater than 0.100 and a VIF value of less than 10.00, namely the tolerance value of Non Performing Financing of 0.725 > 0.100 and the value of VIF Non Performing Financing of 1,380 < 10.00. The tolerance value of the Financing to Deposit Ratio variable is 0.784 > 0.100 with a VIF value of 1,275 < 10.00 and the tolerance value of Debt to Equity Ratio is 9.12 > 0.100 and the VIF value is 1,097 < 10.00. This shows that the variables of Non Performing Financing, Financing to Deposit Ratio and Debt to Equity Ratio do not occur multicollinearity.

Autocorrelation Test

The following are the results of the Autocorrelation Test by looking at the results of the

Durbin-Watson (DW) value.

Table 4. Results of Autocorrelation Test (Durbin-Watson)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.580[a]	.337	.274	.86231	1.728

a. Predictors: (Constant), NPF, DER, FDR

b. Dependent Variable: ROE

Durbin-Watson's score is 1,728. To see the results of this autocorrelation test whether or not there are autocorrelation symptoms, it can be seen in the Durbin-Watson (DW) table with sig = 5% with the number of samples (n) = 36 and the number of variables X (k) = 3. Based on the DW table, the value of dL = 1.2953 and the value of dU = 1.6539 were obtained. The criteria in the autocorrelation test test are that if DU < DW < 4 - DU, then there are no autocorrelation symptoms. The dU value of 1.6539 is smaller than the DW value of 1.728 and less than (4- dU) 4-1.6539 = 2.3461 or the value of dU (1.6539) < DW (1.728) < 4 - dU (2.3461). So it can be concluded that there are no symptoms of autocorrelation.

Heteroscedasticity Test

The following are the results of the Heteroscedasticity Test using the Glejser Test which can be seen through the significance value (Sig).

Table 5. Results of Heteroscedasticity Test (Glejser Test)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.851	1.981		-.430	.670
	FDR	.008	.019	.081	.415	.681
	DER	.167	.136	.221	1.223	.230
	NPF	.171	.306	.113	.559	.580

a. Dependent Variable: Abs_RES

The value of sig is at a value of more than 0.05, namely the Non Performing Financing variable with a Sig value of 0.58 > 0.05 in the Non Performing Financing variable which is 0.681 > 0.05 and the Debt to Equity Ratio variable which is 0.23 > 0.05. Thus, this study is free from the symptoms of heteroscedasticity.

Simple Linear Regression Test

This section describes the results of the research of simultaneous simple regression tests on each independent variable, including the following:

Simple Linear Regression Test of Non-Performing Financing Variables on Return on Equity

The following are the results of a simple linear regression test on the Non Performing Financing (NPF) variable on Return on Equity (ROE) using the SPSS application as follows:

Table 6. Results of Simple Linear Regression Test of NPF on ROE

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.006	.396		7.592	.000
	NPF	.547	.437	.210	1.252	.219

a. Dependent Variable: ROE

The following regression equations are obtained:

Y = 3.006 + 0.547X

The constant value produces a value of 3,006 which shows the variable value of Return on Equity when Non-Performing Financing is valued at 0 and Return on Equity is positive at 3,006. The value of the regression coefficient of the Non-Performing Financing variable has a positive value of 0.547. This means that if Non-Performing Financing increases by 1, it will result in an increase in Return on Equity of 0.547. Based on the results of this calculation, the theory that states that Non-Performing Financing has a negative effect on Return on Equity shows the reverse result in this study. This study shows that Non-Performing Financing has a positive influence on Return on Equity, which means that the higher the value of Non-Performing Financing, the higher the value of Return on Equity.

Coefficient of Determination

The following are the results of the test of the determination coefficient of Non-Performing Financing to Return on Equity:

Table 7. Results of Coefficient of Determination of NPF on ROE

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.210a	.044	.016	1.00418

a. Predictors: (Constant), NPF

The result of the R Square value is 0.44, so it is concluded that the proportion of variation in the Non-Performing Financing variable to the Return on Equity variable is 4.4% while the remaining 95.6% is influenced by other variables.

Simple Correlation Coefficients

The following are the results of the simple correlation coefficient test of Non-Performing Financing to Return on Equity.

table 8. Results of Correlation Test of NPF and ROE

		NPF	ROE
NPF	Pearson Correlation	1	.210
	Sig. (2-tailed)		.219
	N	36	36
ROE	Pearson Correlation	.210	1
	Sig. (2-tailed)	.219	
	N	36	36

The value of the simple correlation coefficient is 0.210. The value is between 0.21 – 0.40 with a weak correlation category. Therefore, the correlation between Non-Performing Financing and Return on Equity has a weak correlation relationship with a positive direction.

T Test

The results of the partial significance test of the Non Performing Financing variable on Return on Equity.

Table 9. Results of T-Test of NPF on ROE

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.006	.396		7.592	.000
	NPF	.547	.437	.210	1.252	.219

a. Dependent Variable: ROE

The results of the T test produced a $t_{calculation}$ of 1.252 using a significant level of 0.05 and

produced a table t of 2.03224. Based on this, the comparison between the $_{\text{t-value calculated}}$ < ttable (1.252 < 2.03224) and shows a Significant value (Sig) of 0.219 > 0.05. Based on this, it can be concluded that the first hypothesis or H1 that states that Non-Performing Financing has a significant negative effect on Return on Equity is rejected because the results of this test show that Non-Performing Financing has no effect on Return on Equity.

This unexpected result may be explained by several factors. First, the data structure indicates that the proportion of NPF at BCA Syariah during the 2015–2023 period remained relatively low and stable, which reduced its statistical power to significantly influence profitability. Second, bank-specific management practices, such as strict financing risk assessment, effective recovery strategies, and prudent provisioning policies, could have mitigated the potential negative impact of NPF on financial performance (Nisa' et al., 2023). These factors suggest that while NPF is generally expected to harm profitability, in the case of BCA Syariah the strong internal management and relatively healthy financing portfolio helped neutralize its effect on Return on Equity.

Simple Linear Regression Test of Variable Financing to Deposit Ratio to Return on Equity

The following are the results of a simple linear regression test on the Financing to Deposit Ratio (FDR) variable to *Return on Equity* (ROE) using the SPSS application as follows:

Table 10. Results of Simple Linear Regression Test of FDR on ROE

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.432	2.344		4.451	.000
	FDR	-.078	.026	-.455	-2.983	.005

a. Dependent Variable: ROE

The following regression equations are obtained:

Y = 10.432 – 0.078X

The constant value produces a value of 10,432 which shows the variable value of Return on Equity when the Financing to Deposit Ratio is 0 and the Return on Equity is positive value of 10,432. The value of the regression coefficient of the Financing to Deposit Ratio variable has a negative value of -0.078. This means that if the Financing to Deposit Ratio increases by 1, it will result in a decrease in Return on Equity of -0.078. Based on the results of this calculation, the theory that states that the Financing to Deposit Ratio has a positive effect on the Return on Equity shows the reverse result in this study. This study shows that the Financing to Deposit Ratio has a negative influence on the Return on Equity, which means that the higher the Financing to Deposit Ratio value, the lower the Return on Equity value.

Coefficient of Determination

The following are the results of the test of the determination coefficient of Financing to Deposit Ratio to Return on Equity*:*

Table 11. Results of Coefficient of Determination of FDR on ROE

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.455a	.207	.184	.91438

a. Predictors: (Constant), FDR

The result of the R Square value is 0.207, so it is concluded that the proportion of variation in the Financing to Deposit Ratio variable to the Return on Equity variable is 20.7% while the remaining 79.3% is influenced by other variables.

Simple Correlation Coefficients

The following are the results of the simple correlation coefficient test of Financing to Deposit Ratio to Return on Equity.

Table 12. Results of Correlation Test of FDR and ROE

		FDR	ROE
FDR	Pearson Correlation	1	-.455**
	Sig. (2-tailed)		.005
	N	36	36
ROE	Pearson Correlation	-.455**	1
	Sig. (2-tailed)	.005	
	N	36	36

**. Correlation is significant at the 0.01 level (2-tailed).

The value of the simple correlation coefficient is -0.455. The value is between 0.41 – 0.60 with a medium correlation category. Thus, the correlation between Financing to Deposit and Return on Equity has a moderate correlation relationship with a negative direction.

T Test

The results of the partial significance test of the Financing to Deposit variable on Return on Equity.

Table 13. Results of T-Test of FDR on ROE

Model		Unstandardized Coefficients		Standardized Coefficients	t	Itself.
		B	Std. Error	Beta		
1	(Constant)	10.432	2.344		4.451	.000
	FDR	-.078	.026	-.455	-2.983	.005

a. Dependent Variable: ROE

The results of the T test produced a $t_{calculation}$ of -2.983 using a significant level of 0.05 and produced a table t of 2.03224. Based on this, the comparison between the t-value > t-table (-2.983 > 2.03224) and shows a Significant value (Sig) of 0.005 < 0.05. Based on this, it can be concluded that the second hypothesis or H2 states that the Financing to Deposit Ratio has a significant positive effect on the Return on Equity is rejected because the results of this test show that the Financing to Deposit Ratio has a significant negative effect on the Return on Equity.

This result suggests that excessive financing relative to the available deposit base may create liquidity pressure for BCA Syariah, thereby undermining its profitability. In other words, a higher FDR indicates that the bank is channeling a greater portion of its deposits into financing activities, which could increase funding costs and reduce operational flexibility when liquidity becomes tight (Fajri et al., 2022). Such conditions may force the bank to rely more on external funding or reduce its ability to respond to withdrawal demands, both of which negatively affect return on equity (Priyadi et al., 2021).

Hence, while financing expansion is generally intended to enhance income, in this context overextension in financing relative to deposits translates into a detrimental impact on profitability.

Simple Linear Regression Test of Variable *Debt to Equity Ratio* to *Return on Equity*

The following are the results of a simple linear regression test on the Debt to Equity Ratio (DER) to Return on Equity (ROE) variable using the SPSS application as follows:

Table 14. Results of Simple Linear Regression Test of DER on ROE

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.012	.733		2.744	.010
	DER	.426	.211	.327	2.020	.051

a. Dependent Variable: ROE

The following regression equations are obtained:

Y = 2.012 + 0.426X

The constant value produces a value of 2,012 which shows the value of the variable Return on Equity when the Debt to Equity Ratio is 0 and the Return on Equity is positive at 2,012. The value of the regression coefficient of the Debt to Equity Ratio variable is negative at 0.426. This means that if the Debt to Equity Ratio increases by 1, it will result in an increase in the Return on Equity of 0.426. Based on the results of this calculation, the theory that states that the Debt to Equity Ratio has a negative effect on the Return on Equity shows the reverse result in this study. This study shows that the Debt to Equity Ratio has a positive influence on the Return on Equity, which means that the higher the Debt to Equity Ratio value, the higher the Return on Equity value.

Coefficient of Determination

The following are the results of the Debt to Equity Ratio determination coefficient test for Return on Equity:

Table 15. Results of Coefficient of Determination of DER on ROE

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.327a	.107	.081	.97050

a. Predictors: (Constant), DER

The result of the R Square value is 0.107, so it is concluded that the proportion of variation in the Debt to Equity Ratio variable to the Return on Equity variable is 10.7% while the remaining 89.3% is influenced by other variables.

Simple Correlation Coefficients

The following are the results of the simple correlation coefficient test of Debt to Equity Ratio to Return on Equity.

Table 16. Results of Correlation Test of DER and ROE

		DER	ROE
DER	Pearson Correlation	1	.327
	Sig. (2-tailed)		.051
	N	36	36
ROE	Pearson Correlation	.327	1
	Sig. (2-tailed)	.051	
	N	36	36

The value of the simple correlation coefficient is - 0.327. The value is between 0.21 – 0.40

with a weak correlation category. Therefore, it can be concluded that the variable Debt to Equity Ratio to Return on Equity has a weak correlation relationship with a positive direction.

T Test

The results of the partial significance test of the Debt to Equity Ratio variable to the Return on Equity.

Table 17. Results of T-Test of DER on ROE

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.012	.733		2.744	.010
	DER	.426	.211	.327	2.020	.051

a. Dependent Variable: ROE

The results of the T test produced a $t_{calculation}$ of 2.020 using a significant level of 0.05 and produced a table t of 2.03224. of 2.03224. Based on this, the comparison between the t-value < t-table (2.020 < 2.03224) and shows a Significant value (Sig) of 0.051 > 0.05. Based on this, it can be concluded that the third hypothesis or H3 stating that the Debt to Equity Ratio has a significant negative effect on the Return on Equity is rejected because the results of this test show that the Debt to Equity Ratio has a positive and insignificant effect on the Return on Equity.

This finding indicates that the capital structure of BCA Syariah, as reflected in the Debt to Equity Ratio, does not exert a meaningful influence on profitability. The positive but insignificant effect may be explained by the bank's prudent approach in balancing its use of debt and equity, where debt financing is maintained at manageable levels that do not overly burden the institution with financial costs. As a result, variations in DER do not translate into substantial changes in return on equity (Tekin, 2022). This suggests that, within the observed period, capital adequacy and equity management were sufficient to absorb risks, making DER less decisive in determining profitability compared to liquidity (FDR) and credit risk (NPF).

Multiple Linear Regression Test

The following are the results of the multiple linear regression test on the variables of Perfoming Financing (NPF), Financing to Deposit Ratio (FDR) and Debt to Equity Ratio (DER) to Return on Equity (ROE) using the SPSS application as follows:

Table 18. Results of Multiple Linear Regression Test of NPF, FDR, and DER on ROE

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.785	2.853		2.729	.010
	NPF	.335	.441	.129	.761	.452
	FDR	-.070	.028	-.409	-2.515	.017
	DER	.490	.196	.376	2.493	.018

a. Dependent Variable: ROE

The following regression equations are obtained:

Y= a +b1 X1 + b2 X2 + b3 X3

Y=7.785 + 0.335X1+ (-0.070)X2 + 0.490X3

ROE = 7.785 + 0.335 NPF - 0.070 FDR + 0.490 DER

The regression equation above shows that the constant has a value of 7,785, meaning that if the Non-Perfoming Financing, Financing to Deposit Ratio, and Debt to Equity Ratio remain or do not experience addition and subtraction, then the value of the Return on Equity constant is 7,785. The value of the Non Perfoming Financing coefficient is 0.335 with a positive sign which means that if each Non Perfoming Financing increases by 1, the Return on Equity will increase by 0.335 assuming another independent variable from the regression model is fixed. The value of the coefficient of the Financing to Deposit Ratio variable is 0.070 and has a negative sign, this means that if each Financing to Deposit Ratio increases by 1, the Return on Equity will decrease by 0.070 assuming that the other independent variable of the regression model is fixed. The value of the coefficient in the Debt to Equity Ratio variable is 0.49 with a positive sign, this shows that if the Debt to Equity Ratio increases by 1, the Return on Equity will increase by 0.49 assuming that the other independent variable of the regression model is fixed.

Coefficient of Determination

The following are the results of the determination coefficient test of Non Perfoming Financing, Financing to Deposit Ratio, and Debt to Equity Ratio to Return on Equity:

Table 19. Results of Coefficient of Determination of NPF, FDR, and DER on ROE

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.580[a]	.337	.274	.86231

a. Predictors: (Constant), NPF, DER, FDR

The results of the determination coefficient test that can be seen through the Adjusted R Square of 0.274 or 27.4%, this shows that the proportion of variations in the variables Non Perfoming Financing, Financing to Deposit Ratio and Debt to Equity Ratio is 27.4% to the Return on Equity while the remaining 72.6% is influenced by other variables that are not studied in this study.

Multiple Correlation Coefficients

The following are the results of the multiple correlation coefficient test of Non Perfoming Financing, Financing to Deposit Ratio and Debt to Equity Ratio to Return on Equity.

Table 20. Results of Multiple Correlation Coefficient Test of NPF, FDR, and DER on ROE

Model	R	R Square	Adjusted R Square	Std. Error
1	.580[a]	.337	.274	.86231

The value of the multiple correlation coefficient is 0.580. The value is between 0.41 – 0.60 with a medium correlation category. Therefore, it can be concluded that the variables of Non Perfoming Financing, Financing to Deposit Ratio, and Debt to Equity Ratio to Return on Equity have a moderate correlation relationship with a positive direction.

Test F

The F test is used to test the significance of the influence of independent variables simultaneously on dependent variables. The following are the results of simultaneous significance testing (F Test).

Table 21. Results of F-Test of NPF, FDR, and DER on ROE

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	12.072	3	4.024	5.412	.004b

Residual	23.794	32	.744
Total	35.866	35	

a. Dependent Variable: ROE

b. Predictors: (Constant), NPF, DER, FDR

The results of the F test produced an $F_{calculation}$ of 5,412 using a significant level of 0.05 and produced a table F of 2.90. Based on this, the comparison between the $F_{value\ of\ the\ calculation}$ and the $F_{of\ the\ table}$ is 5,412 > 2.90 with a significant value of 0.004 which means that it has a value of less than 0.05 (0.004 < 0.05). These results show that the fourth hypothesis or H4 is accepted which states that Non-Performing Financing, Financing Deposit Ratio, and Debt to Equity Ratio have a significant effect on Return on Equity.

DISCUSSION

The findings of this study provide several insights when connected with financial theory and previous empirical evidence. The insignificant effect of Non Performing Financing (NPF) on Return on Equity (ROE) contradicts the common expectation that higher credit risk reduces profitability. This outcome may be explained by the relatively low and stable NPF levels at BCA Syariah during 2015–2023 and by effective credit risk management practices that minimized its adverse impact. Similar results were also reported by Nisa' et al. (2023) who highlighted the importance of prudent recovery strategies in stabilizing bank profitability despite credit risk exposure.

In contrast, the significant negative effect of the Financing to Deposit Ratio (FDR) on ROE supports the liquidity–profitability trade-off theory. Excessive financing relative to deposits creates liquidity pressures, increases funding costs, and limits flexibility in meeting withdrawal demands. This finding is consistent with Fajri et al. (2022) and Priyadi et al. (2021), who concluded that aggressive lending without sufficient deposit backing can weaken Islamic bank profitability.

Meanwhile, the Debt-to-Equity Ratio (DER) shows a positive but insignificant relationship with ROE. This differs from the conventional pecking-order theory, which predicts that higher leverage increases financial risk and reduces profitability. In the case of BCA Syariah, the result indicates that the bank maintained a balanced capital structure with manageable debt levels. This aligns with (Tekin, 2022) who argued that when leverage is well controlled, equity remains sufficient to absorb risks, thereby neutralizing DER's potential negative effect on profitability.

Furthermore, the simultaneous test confirms that NPF, FDR, and DER jointly determine ROE. This suggests that profitability at BCA Syariah is not influenced by a single ratio in isolation, but rather by the interaction of credit quality, liquidity management, and capital structure. The combined effect of these variables provides a more comprehensive picture of the bank's financial performance.

From a managerial perspective, the results emphasize three key implications. First, maintaining strong credit risk management remains crucial to prevent NPF from escalating and harming profitability. Second, management should carefully monitor the financing-to-deposit balance to avoid excessive liquidity strain that could undermine returns. Third, optimizing capital structure by balancing debt and equity can help sustain profitability, even if DER's effect appears statistically insignificant. Collectively, these strategies can support BCA Syariah in achieving stable long-term performance, particularly in navigating post-COVID-19 financial challenges.

CONCLUSION

The results of this study indicate that Non-Performing Financing (NPF) does not significantly affect Return on Equity (ROE), suggesting that credit risk exposure has not been a primary determinant of profitability at BCA Syariah during the 2015–2023 period. In contrast, the Financinto Deposit Ratio (FDR) exerts a significant negative influence, underscoring the liquidity–profitability trade-off where excessive financing relative to deposits reduces returns. The Debt-to-Equity Ratio (DER) shows a positive but statistically insignificant relationship with ROE, implying that while higher leverage may be associated with improved returns, its effect is not strong enough to be conclusive. When considered together, NPF, FDR, and DER significantly shape BCA Syariah's profitability, with FDR emerging as the most influential factor.

These findings highlight the importance of sound liquidity management, prudent credit risk control, and balanced capital structure to sustain profitability in Islamic banking. However, the study is limited by its single-bank focus, a relatively short observation period, and a narrow set of financial indicators, excluding macroeconomic and external factors. Future research should therefore adopt panel data covering multiple banks, incorporate broader macroeconomic variables, and apply advanced econometric models such as GMM to address endogeneity. Expanding performance measures beyond ROE to include indicators like ROA and Net Interest Margin would also provide a more comprehensive understanding of financial health. Collectively, these improvements would generate deeper insights for Islamic banking practitioners, regulators, and policymakers.

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