Jurnal Studi Akuntansi dan Bisnis (JSAB)

Vol. 7, No. 1 Februari 2025

https://journalpedia.com/1/index.php/jsab/index

THE EFFECT OF FIRM SIZE, CAPITAL ADEQUACY RATIO (CAR), AND PLACEMENT IN OTHER BANKS ON THE PROFITABILITY OF BPRS IN INDONESIA (2018 – 2022)

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ABSTRAK

Kinerja bank yang baik digambarkan melalui pengelolaan keuangan yang mampu menghasilkan keuntungan yang maksimal. Keuntungan digambarkan dengan profitabilitas bank yang menunjukkan tingkat laba bank syariah dalam hal pemanfaatan sumber daya internal yang ada, sehingga memberi gambaran bagaimana hasil kemampuan perusahaan dalam menjalankan kegiatan operasionalnya. Maksimalisasi profit diperoleh dengan adanya peningkatan pada aset dan kecukupan modal. Untuk itu penelitian ini bertujuan untuk melihat hubungan antara Ukuran Perusahaan, Capital Adequacy Ratio, dan Penempatan pada Bank Lain terhadap Profitabilitas dengan sampel penelitian sebanyak 77 BPRS yang terdaftar di Otoritas Jasa Keuangan 2018 – 2022. Penarikan sampel menggunakan teknik *Purposive Sampling* serta metode kuantitatif dengan data sekunder yang diperoleh dari laporan keuangan tahunan yang terdapat di *website* OJK. Hasil penelitian menunjukkan bahwa secara parsial ukuran perusahaan dan CAR berpengaruh secara positif terhadap profitabilitas. Artinya, ketika nilai ukuran perusahaan dan CAR tinggi maka profitabilitas juga akan tinggi. Sedangkan penempatan pada bank lain tidak berpengaruh terhadap profitabilitas karena keuntungan yang dihasilkan oleh penempatan pada bank lain tidak maksimal sehingga tidak menambah profitabilitas. Kemudian secara simultan ukuran perusahaan, CAR, dan penempatan pada bank lain berpengaruh secara positif dan signifikan terhadap profitabilitas dengan nilai koefisien determinasi sebesar 32,4% dan sisanya sebesar 67,6% dipengaruhi oleh faktor lain.

Kata Kunci: Ukuran Perusahaan, Capital Adequacy Ratio, Penempatan pada Bank Lain, Profitabilitas.

ABSTRACT

A bank's good performance is illustrated through financial management, which can generate maximum profits. Profit is reflected in the bank's profitability, which shows the profit generated by an Islamic bank in utilizing its internal resources, providing an overview of the company's capability in conducting its operational activities. Profit maximization can be achieved through the increase of assets and capital adequacy. This study aims to examine the relationship between Company Size, Capital Adequacy Ratio (CAR), and Placement in Other Banks on Profitability, using a sample of 77 Islamic Rural Banks (BPRS) registered with the Financial Services Authority (OJK) from 2018 to 2022. The sampling method used is purposive sampling, and the study applies a quantitative method with secondary data obtained from annual financial reports available on the OJK website. The results show that partially, both company size and CAR have a positive effect on profitability. This means that higher company size and CAR values lead to higher profitability. Meanwhile, placement in other banks does not affect profitability, as the profit generated from such placements is not optimal, thereby not

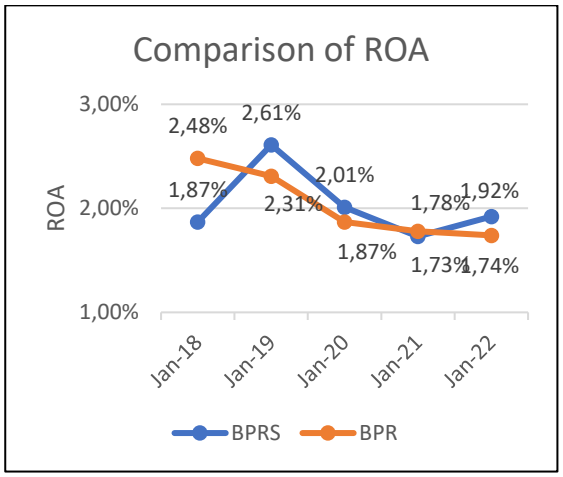
contributing to increased profitability. Simultaneously, company size, CAR, and placement in other banks have a positive and significant effect on profitability, with a coefficient of determination of 32.4%, while other factors influence the remaining 67.6%.
Keywords: *Company Size, Capital Adequacy Ratio, Placement in Other Banks, Profitability.*

INTRODUCTION

The growth of the Islamic economy in this decade has experienced a significant increase, accompanied by the expansion of Islamic assets and market share on both global and regional levels. According to data released by the Financial Services Authority (OJK) in 2021, global Islamic financial assets reached a peak of USD 3.96 trillion, reflecting a significant growth of 16.76% compared to the previous year, which recorded USD 3.39 trillion. Furthermore, the Islamic banking sector in Indonesia demonstrated remarkable resilience and achieved positive growth.

The development of total Islamic banking assets, which reached IDR 802.26 trillion with a year-on-year (YoY) growth of 15.63%, demonstrates a significant positive impact on increasing the market share of this sector, now surpassing the 7% threshold. Under the provisions of Law Number 21 of 2008 on Islamic Banking, the structure of Islamic banking in Indonesia is categorized into two types of institutions: Islamic Commercial Banks and Islamic Rural Banks (BPRS). (OJK, 2021). Specifically, BPRS recorded asset growth of 12.19%, financing growth of 12.13%, and third-party fund growth of 13.28% (OJK, 2022). These figures indicate that BPRS has successfully navigated global economic challenges, even exceeding its historical performance, reflecting growing public trust in the system.

Figure 1. Comparison of ROA between BPR and BPRS



Source: Financial Services Authority (2022)

According to additional data provided by the Financial Services Authority (OJK) regarding the performance of Islamic Rural Banks (BPRS), BPRS has demonstrated more dynamic growth compared to conventional Rural Banks (BPR). This faster growth is particularly apparent in the

financing and third-party funds sectors, where BPRS has significantly outperformed BPR. This phenomenon reflects the positive adoption and response from the public towards the Islamic financial products and services offered by BPRS.

If a bank's profitability increases, its overall performance will become more optimal. Profitability is a key indicator in evaluating bank performance, measuring how much the bank can generate income exceeding its operational costs. Many factors can influence profitability in the BPRS sector; however, this study examines the impact of company size, Capital Adequacy Ratio (CAR), and interbank placements.

One method to measure a company's size is by calculating the logarithm of total assets. Research by Belianti & Ruhadi (2020), which aligns with the findings of Hananto & Amijaya (2021), shows that company size positively influences profitability. Larger managed assets lead to more efficient management performance in Islamic banks. However, a study by Ningtyas & Pratama (2022) found that company size negatively affects profitability, suggesting that larger company size is not always a definitive indicator of higher profits.

The Capital Adequacy Ratio (CAR) is another key indicator influencing banking profitability. Research by A. R. Firmansyah & Maulita (2021) Demonstrated that CAR significantly affects profitability. In contrast, studies by Dina & Nana (2022) and Hanafia & Karim (2020) found no significant impact of CAR on profitability. This could indicate that banks strictly maintain their capital due to Bank Indonesia regulations requiring a minimum capital adequacy ratio of 8%.

Placement in other banks represents an investment of funds in other Islamic banking institutions, both domestically and internationally. The objective of such placements is to optimize fund management and generate income (Siregar, 2021). Consequently, placements in other banks may influence banking profitability. This is consistent with research by M. A. Sahara (2022), which showed a positive effect of bank placements on profitability. However, Fernanda et al. (2018) found that placements in other banks do not impact profitability.

Given the conflicting findings from previous research on factors affecting profitability, such as company size, CAR, and placement in other banks, a research gap is evident. To address this issue, this study seeks to re-evaluate the influence of these three factors on the profitability of Islamic Rural Banks (BPRS) in Indonesia, under the title " The Effect of Firm Size, CAR, and

Placement in Other Banks on the Profitability of BPRS in Indonesia (2018–2022)."

LITERATURE REVIEW

Profitability

In the book Financial Management by Brigham & Daves (2013), Profitability is described as the outcome of various policies and decisions. While other ratios provide useful insights into a company's operational effectiveness, Profitability ratios reflect the integrated impact of liquidity, asset management, and debt on operational performance. According to Hutabarat (2023), profitability refers to a measurement tool used to assess the efficiency of returns on a company's total assets, thereby reflecting the overall management performance of Islamic banks, as indicated by their profit levels. Another perspective by Harfani & Nurdiansyah (2021) suggests that Return on Assets (ROA) is a commonly utilized profitability ratio, effectively demonstrating a company's capacity to generate profit margins. This is further supported by Bank Indonesia, which recognizes ROA as a key indicator for assessing a bank's financial performance (Hanafia & Karim, 2020). The calculation of ROA in Islamic Rural Banks (BPRS) is done by comparing net profit before tax with total assets. This approach is outlined in the OJK Circular Letter Number 1/SEOJK.03/2019 regarding the Health Rating System for Islamic Rural Banks. This framework highlights the importance of ROA as a reliable measure of profitability and provides a standardized method for evaluating the financial health and performance of BPRS in Indonesia.

Company Size

According to Toni & Anggara (2021)Company size is a metric used to evaluate a company's value through its total assets, revenue, and market capitalization. Neldi (2023) In his book, he also highlights that one of the factors affecting profit generation is the company scale, which is determined by the quantity of assets it holds. The larger the company size, the higher its ability to generate profits, making it likely to have a good long-term prospect. In a study by Pattiruhu (2020), company size is determined by applying the natural logarithm (Ln) of total operational revenue. This aligns with Toni & Anggara (2021) statement that total assets, sales, and market capitalization determine company size. Overall, these definitions highlight the significance of company size as a determinant of profitability and its role in assessing a

company's financial capacity and long-term potential.

Capital Adequacy Ratio

According to information from the Financial Services Authority (OJK), CAR, or Capital Adequacy Ratio, is referred to in Indonesia as KPMM (Kewajiban Penyediaan Modal Minimum), which represents the minimum capital a bank must maintain to cover potential losses. According to Rolianah et al., (2021), CAR is a financial metric used to assess a bank's capital adequacy, ensuring it has enough capital to support assets that generate risks, especially in the form of loans extended to customers. Similarly, in his book, Hutabarat (2021) Explains that CAR is a performance ratio used to assess a bank's capital adequacy in mitigating potential risks arising from the allocation of funds in financing activities. This ratio is a critical indicator for evaluating a bank's financial stability and capacity to withstand potential losses, ensuring stability and operational sustainability in the face of financial risks.

Placement in Other Banks

According to OJK data (2020), placement in other banks refers to a bank allocating a portion of its receivables or deposits with another bank. This placement serves various purposes, including supporting smooth operational activities, generating income, and functioning as a secondary reserve. Sholahuddin (2013)In his book, he elaborates that placement in other banks refers to the activity of fund allocation by one bank to another Islamic bank or Islamic rural bank (BPRS). In this research, placement measurement in other banks is based on financial statements issued by BPRS and utilizes the natural logarithm (Ln) formula. The use of Ln aims to reduce excessive data fluctuations; otherwise, the variable values would be excessively large if used directly (Pattiruhu, 2020)

RESEARCH METHODS

This study employs a quantitative method that analyzes the connections between variables using statistical tests and objective theories to generate new findings that can be obtained through quantification procedures (Jaya, 2020). This research uses Islamic Rural Banks (BPRS) as the measurement object. The BPRS refers to those officially listed with the Financial Services Authority (OJK) and has published its annual financial reports from 2018 to 2022. Secondary data for this study were obtained from financial statements and financial ratios accessed through the OJK website and the official websites of each

respective BPRS. The sampling method employed is purposive sampling, with the Slovin formula applied at a significance level of 0.05 to calculate the sample size from the accessible population. This resulted in 77 BPRS being selected as the research sample. The relationships between the variables are reflected through the following constellation diagram:

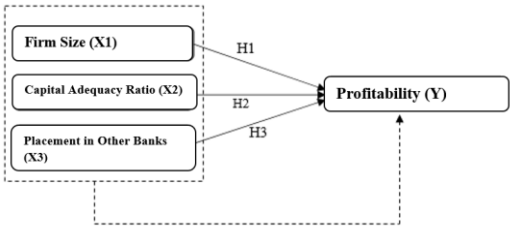


Figure 2. Research Model

Source: Data analyzed by the Author (2024)

Description :

——————→ = Partially significant

- - - - - - - - - - = Simultaneously significant

Based on the theoretical framework above, the research hypotheses are as follows:

H1: Company Size Affects Profitability.

H2: Capital Adequacy Ratio (CAR) affects Profitability.

H3: Placement in Other Banks affects Profitability.

H4: Company Size, Capital Adequacy Ratio (CAR), and Placement in Other Banks collectively affect Profitability.

RESULTS AND DISCUSSION

Descriptive Statistics

The collected data, complete and in line with the research needs, will undergo descriptive statistics analysis. According to Muchson (2019)The descriptive statistical method discusses data processing procedures, starting from collection, summarization, and presentation, to produce information that is understandable and accountable using statistical data. In this research, the analysis of descriptive statistics will include metrics such as the average, median, and mode, as well as variance and standard deviation.

Table 1. Descriptive Statistics

Descriptive Statistics

	N	Range	Minimum	Maximum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Firm Size	77	5.128	15.274	20.402	17.99561	.102088	.895820	.802
CAR	77	29.212	.074	29.286	3.76496	.458019	4.019098	16.153
Placement in Other Banks	77	96806550.000	1047678.000	97854228.000	22999717.58442	2327465.981126	20423431.097250	41711653 7784119.940
Profitability	77	6.599	.467	7.066	2.67917	.180579	1.584573	2.511
Valid N (listwise)	77							

Source: SPSS Output, 2024

Prerequisite Test Analysis

Normality Test

Decision-making is based on the Asymp. Sig. (2-tailed) value from the One-Sample Kolmogorov-Smirnov Test. If the

significance value is less than 0.05, it suggests that the data is normally distributed.

Table 2. Normality Test Results

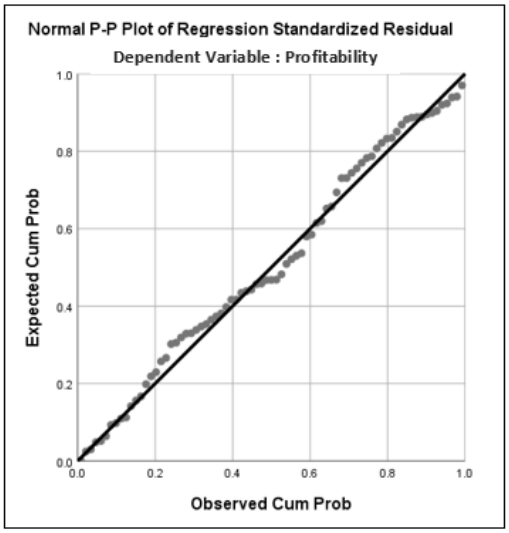
One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		77
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.5190872 2
Most Extreme Differences	Absolute	.064
	Positive	.052
	Negative	-.064
Test Statistic		.064
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Source: SPSS Output, 2024

Based on the normality test results, the Asymp. The Sig (2-tailed) value for the Unstandardized Residual is 0.200, greater than 0.05. Hence, it can be concluded that the data for company size, CAR, placement in other banks, and profitability follow a normal distribution.

Graphic 1. Normal Probability Plot



Source: SPSS Output, 2024

The results of the Normal Probability plot indicate that the data adheres to a normal distribution, as indicated by the information points forming a pattern that aligns with the diagonal line.

Linearity Test

The decision in this test is based on the deviation from linearity value. If the value exceeds 0.05, it can be determined that each variable is regarded as linear.

Table 3. Results of Linearity Test X1 with Y

ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
Profitability * Firm Size	Between Groups	(Combined)	24.147	64	.377	.741	.786
		Linearity	2.548	1	2.548	5.007	.045
		Deviation from Linearity	21.599	63	.343	.674	.846
	Within Groups		6.107	12	.509		
	Total		30.254	76			

Source: SPSS Output, 2024

The Deviation from the Linearity value of 0.846 exceeds the significance level of 0.05. Therefore, the relationship between X1 and Y is regarded as linear.

Table 4. Results of Linearity Test X2 with Y

ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
Profitability * CAR	Between Groups	(Combined)	29.886	75	.398	1.083	.660
		Linearity	5.530	1	5.530	15.023	.161
		Deviation from Linearity	24.356	74	.329	.894	.706
	Within Groups		.368	1	.368		
	Total		30.254	76			

Source: SPSS Output, 2024

The Deviation from the Linearity value of 0.706 exceeds 0.05. As a result, the relationship between X2 and Y is deemed linear.

Table 5. Results of Linearity Test X3 with Y

ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
Profitability * Placement in Other Banks	Between Groups	(Combined)	28.695	74	.388	.498	.859
		Linearity	1.217	1	1.217	1.561	.338
		Deviation from Linearity	27.479	73	.376	.483	.867
	Within Groups		1.559	2	.779		
	Total		30.254	76			

Source: SPSS Output, 2024

The value of the Deviation from Linearity of 0.867 exceeds the significance level of 0.05. Therefore, it can be determined that there is a straight-line connection between the variable of placement in other banks and the profitability variable.

Classical Assumption Test

Multicollinearity Test

A study is considered free from multicollinearity issues between the dependent variables if the VIF value is below 10.

Table 6. Results of the Multicollinearity Test

Coefficients

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	-14.171	4.739		-2.990	.004		
	Firm Size	5.268	2.180	.417	2.417	.018	.312	3.206
	CAR	.078	.015	.494	5.021	.000	.958	1.044
	Placement in Other Banks	-.032	.125	-.045	-.258	.797	.309	3.235

a. Dependent Variable: Profitability

Source: SPSS Output, 2024

The VIF value for variable X1, which is company size, is 3.206, which is below 10, and the value of tolerance is 0.312, which exceeds 0.1. The VIF for variable X2, which is CAR, shows a value of 1.044, which is lower than 10, and the value of tolerance is 0.958, which exceeds 0.1. The VIF for variable X3, which is placed in other banks, is 3.235, below 10, and the tolerance value is 0.309, greater than 0.1. Therefore, It can be inferred that the independent variables in this regression model are free from multicollinearity issues.

Heteroscedasticity Test

If the significance value is greater than 0.05, it signifies that heteroscedasticity does not affect the system.

Table 7. Results of the Heteroscedasticity Test

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.816	2.734		.664	.509
	Firm Size	-.060	1.258	-.010	-.048	.962
	CAR	.013	.009	.172	1.512	.135
	Placement in Other Banks	-.077	.072	-.214	-1.068	.289

a. Dependent Variable: ABS

Source: SPSS Output, 2024

The significance value for company size is 0.962 > 0.05, the significance for CAR is 0.135 > 0.05, and the importance for placement in other banks is 0.289 > 0.05. Therefore, this study does not have heteroscedasticity issues.

Autocorrelation Test

This test is measured using the Durbin-Watson test. If the value of dU < dW < 4 - dU indicates that the model is free from autocorrelation issues.

Table 8. Results of the Autocorrelation Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.568[a]	.323	.295	.529646	1.802

a. Predictors: (Constant), Placement in Other Banks, CAR, Firm Size
b. Dependent Variable: Profitability

Source: SPSS Output, 2024

The value of Durbin-Watson is 1.802, with a significance level of 0.05, n (sample size) of 77, and 3 dependent variables in this study. The dU value is 1.7117, and the calculation of 4 - dU gives 2.2883 (4 - 1.7117). Since 1.7117 < 1.802 < 2.2883, it

can be determined that this study does not have autocorrelation issues.

Multiple Linear Regression Equation

Table 9. Multiple Linear Regression

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	-14.171	4.739	
	Firm Size	5.268	2.180	.417
	CAR	.078	.015	.494
	Placement in Other Banks	-.032	.125	-.045

Source: SPSS Output, 2024

According to the results from the regression analysis table above, the constant is -14.171, the company size coefficient is 5.268, the CAR coefficient is 0.078, and the placement in other banks coefficient is -0.032, with the following regression equation:

Y = -14,171 + 5,268X1 + 0,078X2 + (0,032)X3.

Hypothesis Test

T-Test

If the significance value is > 0.05, it shows that the independent variable (X) does not have a substantial effect on the dependent variable (Y).

Table 10. T-Test Results

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-14.171	4.739		-2.990	.004
	Firm Size	5.268	2.180	.417	2.417	.018
	CAR	.078	.015	.494	5.021	.000
	Placement in Other Banks	-.032	.125	-.045	-.258	.797

Source: SPSS Output, 2024

The significance level for the company size variable is 0.018, smaller than the significance level of 0.05. The calculated t-value is 2.417, greater than the t-table value of 1.992. As a result, it can be concluded that the company size variable (X1) has a significant positive effect on the profitability variable (Y).

The CAR variable is positively related, with a t-value of 5.021, which is higher than the t-table value of 1.992. The significance value is 0.000, which is lower than 0.05. Therefore, it can be determined that the CAR variable has a significant positive impact on the dependent variable, profitability.

The X3 variable (placement in other banks) shows a negative result, with a t-value of -0.258, which is less than the t-table value of 1.992. The significance value is 0.789, which is greater than 0.05. Therefore, it can be determined that the X3 variable (placement in other banks) does not affect profitability (Y).

F-Test

The decision rule for the F-test is: if the value of significance is < 0.05, this indicates a joint effect of the independent variables (X) on the dependent variable (Y).

Table 11. F-Test Results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.776	3	3.259	11.616	.000[b]
	Residual	20.478	73	.281		
	Total	30.254	76			

a. Dependent Variable: Profitability
b. Predictors: (Constant), Placement in Other Banks, CAR, Firm Size

Source: SPSS Output, 2024

The computed F-value is 11.616, exceeding the F-table value of 2.730. The significance value is 0.000, which is below 0.05. As a result, it can be determined that company size, CAR, and placement in other banks have a significant positive influence on profitability simultaneously.

Coefficient of Determination Test

The greater the coefficient of determination, the stronger the relationship between the independent variables (X) and the dependent variable (Y), as reflected by the Adjusted R Square value.

Table 12. Results of the Coefficient of Determination Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.568[a]	.323	.295	.529646

a. Predictors: (Constant), Placement in Other Banks, CAR, Firm Size

b. Dependent Variable: Profitability

Source: SPSS Output, 2024

The R-squared value determines how much the independent variables significantly affect the dependent variable. According to the data analysis results, the three independent variables influence the dependent variable by 32.3%, while the other 67.7% is attributed to variables not considered in this research.

The Influence of Company Size on Profitability

In the partial t-test calculation, it was discovered that the company size variable has a positive and substantial impact on the profitability of Islamic Rural Banks (BPRS). This can be seen from the significance value of 0.018 < 0.05, with a t-statistic of 2.417 > 1.992; thus, H1: Company Size affects Profitability is supported.

This result aligns with the study by Belianti & Ruhadi (2020), which indicates that the larger the assets managed by a bank, the more positive the effect on the efficiency of management performance in managing an Islamic rural bank. Similarly, research by Imran & Khan (2023) and Hananto & Amijaya (2021) Indicates that company size positively influences profitability (ROA).

According to the results in this study and previous studies, the size of a company positively impacts its profitability. Company size, in this case, can be measured by total assets. A large total asset allows a bank to maximize its operations and generate profits.

The Influence of CAR on Profitability

According to the findings of the previously conducted partial t-test, the CAR has a favorable and significant impact on the profitability of Islamic Rural Banks (BPRS). The t-test calculation yielded a significance value of 0.000 < 0.05, with a t-statistic of 5.021 > 1.992, so H2: Capital Adequacy Ratio (CAR) affects Profitability is accepted.

The results of this study align with research by A. R. Firmansyah & Maulita (2021), which shows that the CAR significantly affects the profitability of Islamic Rural Banks. Similarly, studies by Ganapati & Laboni (2023), Aulia & Anwar

(2021) and Ysusf & Musse (2019) The same conclusion is depicted, where CAR has a positive effect on profitability. This suggests that when a bank has adequate capital to provide loans to the community, the bank will also earn profits from its operational activities, which can enhance the bank's overall profitability.

Based on the results of this research and previous research, CAR has a positive influence on profitability. This is because CAR ensures the bank's financial stability from operational risks that could lead to potential losses. A high CAR can cover these risks and losses, keeping the bank's operations unaffected.

The Influence of Placement at Other Banks on Profitability

According to the findings of the previously conducted partial t-test, the variable Placement at Other Banks does not affect the profitability of Islamic Rural Banks (BPRS). This is evident from the t-statistic value of -0.258, which is smaller than the t-table value of 1.992, and the significance value of 0.797, which exceeds 0.05. Therefore, H3: Placement at Other Banks affects Profitability is rejected.

This research supports the study by Dedi Fernanda et al. (2018), which found that placement at other banks does not affect profitability. This is because the profits gained from placement at different banks are not as substantial as those from other operational activities, thus having no significant impact on profits and, consequently, not affecting profitability. This is consistent with the study by Kusumaningrum et, al., (2022), which also concluded that placement at other banks does not significantly impact profitability. Placement at Other Banks is a component of productive assets aimed at optimizing fund management. However, it does not directly impact profitability because, as mentioned earlier, the returns gained from these placements are not yet maximized.

According to the results of this study and others, Placement at Other Banks does not affect profitability. This is because the returns from assets placed at other banks do not generate significant profits and have not been maximized. These unimpressive returns do not contribute to an increase in the bank's profits; thus, profitability remains unaffected.

The Influence of Company Size, Capital Adequacy Ratio (CAR), and Placement at Other Banks on Profitability

According to the F-test findings, the computed F-value is 11.616, which exceeds

the F-table value of 2.730. Furthermore, the significance value of 0.000 is smaller than 0.05. Therefore, it can be determined that company size, CAR, and placement at other banks have a positive and significant influence on profitability simultaneously, and H4: Company Size, Capital Adequacy Ratio (CAR), and Placement at Other Banks have an effect on Profitability in BPRS simultaneously can be accepted.

In research by Adi & Wibowo (2022), it was found that Company Size (Total Assets) and Capital Adequacy Ratio (CAR) have a notable impact on profitability. This finding is consistent with the research by Hananto & Amijaya (2021), which also concluded that company size and CAR affect bank profitability.

The R-squared value is used to determine the extent to which all independent variables significantly influence the dependent variable. This study's data analysis results show that the three independent variables—company size, CAR, and placement at other banks—can influence the dependent variable, profitability, by 32.3%. Other variables that were not part of this study account for the remaining 67.7%.

CONCLUSION AND SUGGESTIONS

Conclusion

The following conclusions can be drawn based on the research findings:

1. Company size positively and significantly influences profitability. This means that when the company size value is high, the Islamic Rural Bank's (BPRS) profitability will also increase. Conversely, when the company size is low, BPRS's profitability will also decrease.
2. The Capital Adequacy Ratio (CAR) significantly and positively impacts profitability. This indicates that when the CAR value of BPRS is increased, its profitability (ROA) will also be high. Conversely, when the CAR value of BPRS is low, its profitability will also decrease. The positive impact of CAR on profitability is that with large capital, the bank can expand its business activities, increasing its profitability.
3. This study did not find a significant effect of Placement at Other Banks on profitability. This is because the profits gained from placement at other banks are not as significant as those from other operational activities, which ultimately affects overall profits. Therefore, placement at other banks

does not influence the profitability of BPRS.

4. Company Size, CAR, and Placement in Other Banks collectively impact profitability. This means that when the values of company size, CAR, and placement at other banks are high, they will positively affect the profitability of BPRS.

Suggestions

According to the conclusions drawn from the research above, the researcher offers the following recommendations:

1. Future researchers are encouraged to include additional independent variables such as Operational Expenses, Funds from third parties, Financing-to-Deposit ratio, Non-Performing Financing, or other relevant variables that could contribute to the study.
2. Future researchers should consider extending the research period and increasing the sample size of the banks under observation for more accurate results.
3. Islamic Rural Banks (BPRS) should focus on increasing their asset value and improving capital management to boost the company's profits and earn the trust of the wider public.

The public should choose BPRS, which can manage capital efficiently and consider the bank's performance when making decisions.

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