THE EFFECT OF FINANCING RESTRUCTURING, NON-PERFORMING FINANCING, AND CAPITAL ADEQUACY RATIO ON PROFITABILITY

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Abstract

This research was conducted to determine whether there is an influence of financing restructuring, Non-Performing Financing (NPF), and Capital Adequacy Ratio (CAR) on profitability in banking, especially Bank Muamalat Indonesia. The research approach used in this research is quantitative research and uses descriptive methods. This research uses secondary data taken from Bank Muamalat Indonesia's quarterly financial reports for 2016-2022. The data analysis method used in this research is the multiple linear regression analysis method. The research results show that financing restructuring, Non-Performing Financing (NPF), and Capital Adequacy Ratio (CAR) partially do not have a significant effect on profitability, while together they have a positive relationship with profitability.

Keywords: Sharia Bank, CAR, NPF, Profitability, Financing Restructuring

INTRODUCTION

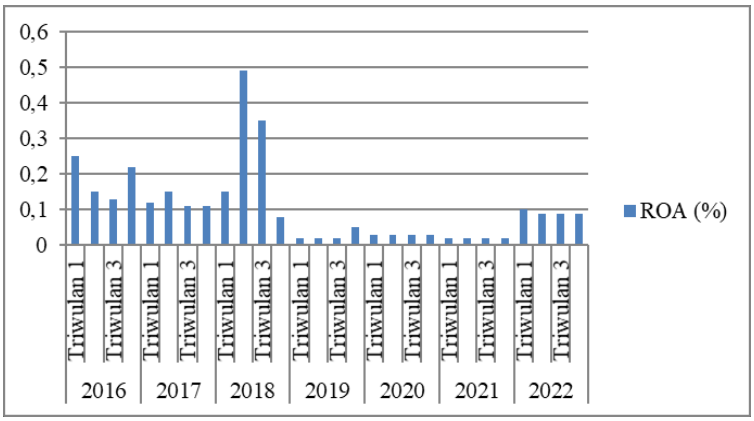
Since the operation of Bank Muamalat Indonesia as the first Sharia bank in Indonesia in 1992, the development of the Sharia banking industry has increased quite rapidly. The Indonesian Ulema Council (MUI) and the support of a group of Muslim businessmen and intellectuals led to the establishment of Bank Muamalat Indonesia. Its business activities operate based on Sharia principles. Various types of contracts are able to serve all the needs of the community. Many groups of small businesses or MSMEs are given financing to develop their businesses so that they become productive. Funds available to customers are used as business capital.

At the beginning of its establishment, many people thought that an interest-free banking system was something unusual and impossible. Confusion hit the banking world when the currency crisis occurred in Indonesia in 1997 and Bank Indonesia's policy was to implement a strict monetary policy by setting the deposit interest rate at 70%. On the other hand, Bank Indonesia managed to return money to the banking system, quelling speculation that encouraged dollar purchases. The impact of the negative spread does not affect the performance of Bank Muamalat where this bank operates without interest so that it avoids losses due to speculation in the money market,

because there are no derivative transactions. Even though Bank Muamalat can survive the crisis, Bank Muamalat can also experience a decline in its performance. (Ummah & Suprapto, 2020)

Every company will of course try to improve its company performance in increasing company productivity and profits. One of the ratios used to measure bank profitability is return on assets (ROA). The higher the bank's profitability (ROA), the higher the bank's profit level and the better the bank's position in using its funds.

Figure 1. Development of ROA (%) of Bank Muamalat Indonesia



Source: Data processed - PT BMI

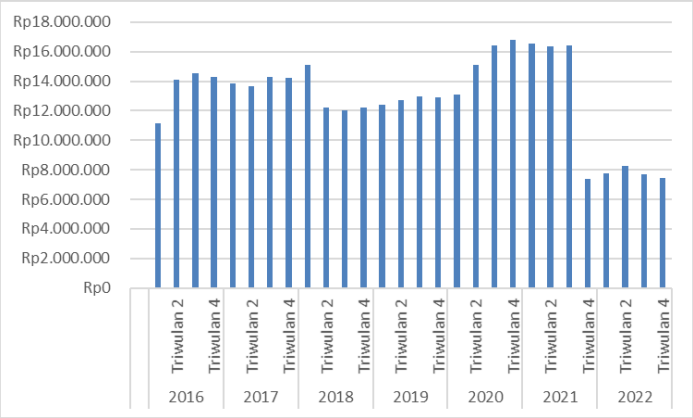
From 2016 to 2022, Bank Muamalat Indonesia's ROA tends to decline. This shows that the performance and health of Bank Muamalat Indonesia has decreased quite significantly. This also reflects that Bank Muamalat Indonesia's profit level is decreasing and the bank's position in using funds is getting worse. Many factors cause a decline in a bank's profitability. One of them is Non-Performing Financing (NPF). Problematic financing is financing financed by a bank where the customer cannot make payments or repayments under the agreement signed between the bank and the customer. The higher the NPF, the lower the profitability of Islamic banking which is calculated based on Return on Assets (ROA). On the other hand, the lower the NPF level, the higher the bank's profitability. (Ananda, 2020)

The bank does not receive loan returns or returns from contracts it makes with its customers. This will disrupt the fund distribution cycle because the bank is unable to

distribute it again. This is of course a must that can be solved. Banks can achieve this, for example by restructuring financing. (Haidar Ali & Adi Setiawan, 2020)

Therefore, Bank Muamalat Indonesia implemented a financing restructuring policy to overcome problematic financing to reduce the decline in bank profitability. This needs to be done so as not to affect banking performance itself and to maintain the health level of Bank Muamalat Indonesia. In theory, the higher the level of restructured financing to total non-performing financing, the greater the profitability will be (Masiah Siti, 2022). With this policy, it is hoped that it can provide relief to customers by rescheduling, restructuring, and reconditioning.

Figure 2. Development of Bank Muamalat Indonesia Financing Restructuring (In millions of Rupiah)



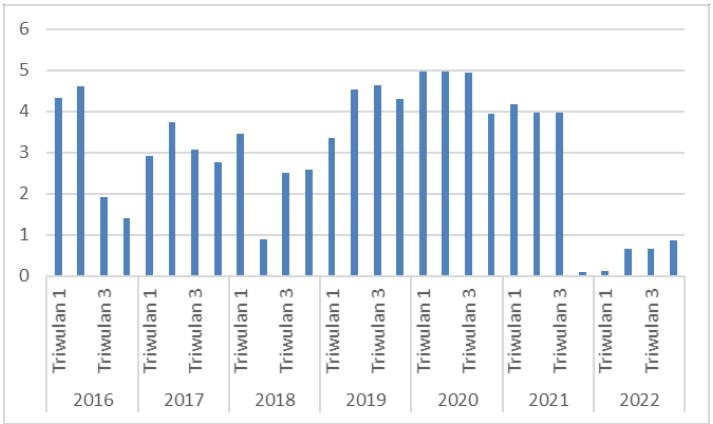
Source: Data processed - PT BMI

Judging from the financing restructuring data at Bank Muamalat Indonesia from the year 2016-2022, there will be a significant increase in financing restructuring in the second quarter of the year 2020 with a total of IDR 15,132,057,000,000 up to the 3rd quarter of 2021 with a total of IDR 16,398,361,000,000. The increasing restructuring of financing has raised concerns about decreasing profitability at Bank Muamalat Indonesia, where this policy has resulted in longer banking credit tenors. (Rimbawan et al., 2022)

The implementation of the financing restructuring policy by Bank Muamalat Indonesia is due to the NPF being unstable each year so the bank needs to carry out restructuring to maintain the NPF level so that the bank remains healthy. Non-

performing financing (NPF) or problematic financing is a key indicator for assessing bank performance. In theory, the lower the NPF level in a bank, the higher the profit (profitability). Conversely, the higher the NPF level in a bank, the lower the profits and losses. (Ariyani, 2010)

Figure 3. Development of NPF (%) of Bank Muamalat Indonesia

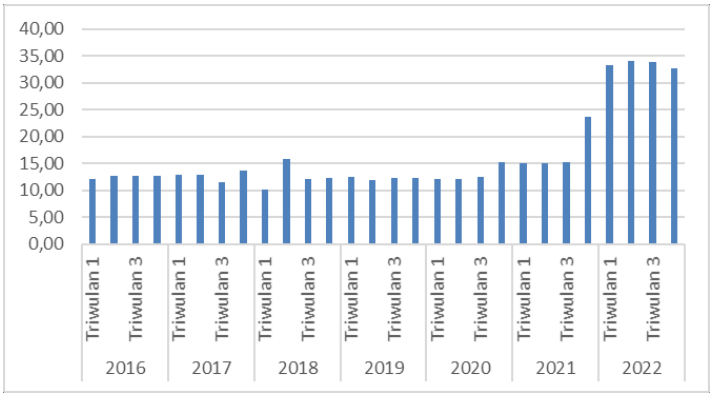


Source: Processed Data – BMI

Based on this data, the highest NPF levels occurred in quarter 1, quarter 2, and quarter 3 of 2020, namely 4.98%, 4.97%, and 4.95% respectively. During that time, the COVID-19 phenomenon occurred which caused Bank Muamalat Indonesia's NPF to increase. Meanwhile, the lowest NPF levels were in the 4th quarter of 2021, 1st quarter, 2nd quarter, 3rd quarter, and 4th quarter of 2022, namely respectively 0.08%, 0.12%, 0.66%, 0.65%, and 0.86%.

Another factor that can influence bank profitability and be reflected in financial performance is the capital adequacy ratio or CAR. The CAR ratio is used to measure the adequacy of capital owned by a bank to support assets that contain or produce risk, for example loans provided. CAR also reflects the bank's ability to cover the risk of loss from the activities it carries out to fund its operations. According to theory, the greater the CAR level in a bank, the greater the bank's tendency to become more stable in its profitability. The higher the CAR, the stronger the bank's ability to bear the risk of any risky productive asset credit. (Syakhrun et al., 2019).

Figure 4. Development of CAR (%) of Bank Muamalat Indonesia



Source: Data processed - PT. BMI

Based on the graph, shows that the CAR at Bank Muamalat Indonesia tends to be stable in the first quarter of 2016 to the third quarter of 2021. Meanwhile, in the 4th quarter of 2021 to the 4th quarter of 2022, there was quite a significant increase, namely respectively 23.76%, 33.39%, 34.06%, 33.86%, and 32.7%.

In Indonesia, some researchers also discuss the relationship between financing and restructuring policies. Teguh Rimbawan (2022) conducted research with the title "The Impact of Credit Restructuring Policy during the Covid-19 Pandemic on Banking Performance in Indonesia". The results obtained in this research state that there is a negative relationship between credit restructuring policy and profits. The bank's ability to generate profits has decreased significantly. This is a logical consequence of the credit restructuring policy which has resulted in longer banking credit tenors. This is different from research from Sri Widiyawati (2021). The results obtained in his research show that the financing restructuring variable has a significant positive effect on the Return on Assets (ROA) variable, indicating that increasing financing restructuring also increases the value of Return on Assets (ROA) in Islamic banks.

Apart from that, there is research that also discusses Non-Performing Financing (NPF). I Gusti Ayu Dwi Ambarawati & Nyoman Abundanti (2018) conducted research entitled The Effect of Capital Adequacy Ratio, Non-Performing Loans, Loan To Deposit Ratio on Return On Assets. The results obtained in this research conclude that Non-Performing Loans (NPL) have a negative and significant effect on Return On Assets (ROA). This means that the higher the bank's return on non-performing loans,

the lower the bank's ROA. Thus, the hypothesis that bad credit has a negative and significant effect on investment returns is proven to be correct.

However, some studies contradict the results with theory. Widya Puspa Andika, Isti Fadah, and Novi Puspitasar conducted research entitled Analysis of the Effect of Non-Performing Financing on Murabahah, Mudharabah and Musyarakah Financing on Profitability in Sharia Commercial Banks. The results obtained show that the relationship between non-performing financing and profitability in this research is positive. If the NPF of Musyarakah Financing is lower or decreases, then the ROA achieved will decrease. This is because the increase in profit before tax at Sharia Commercial Banks was not offset by the increase in assets, so the increase in assets exceeded profit.

Several studies also discuss the Capital Adequacy Ratio (CAR). Medina Almunawwaroh and Rina Marliana conducted research entitled The Influence of CAR, NPF, and FDR on the Profitability of Sharia Banks in Indonesia. The results obtained state that CAR harms profitability. These results are different from research conducted by Abdul Karim and Fifi Hanafia entitled Analysis of CAR, BOPO, NPF, FDR, NOM, and DPK on Profitability (ROA) in Sharia Banks in Indonesia. The results obtained are that the Capital Adequacy Ratio (CAR) has no effect on Return on Assets (ROA) in Sharia Commercial Banks (BUS). Based on the many differences in the results of previous research, researchers are interested in studying more deeply the influence of financing restructuring, NPF, and CAR on profitability. Different from several previous studies, this research will analyze financing restructuring variables on profitability, especially on Bank Muamalat Indonesia.

LITERATURE REVIEW

Financing Restructuring Policy During the Covid-19 pandemic, restructuring is regulated in POJK Number 11/POJK.03/2020 concerning national economic stimulus as a countercyclical policy, it is explained that debtors who receive special treatment are debtors who have difficulty fulfilling their obligations to the Bank because they are affected by the spread of Covid-19, both directly and indirectly, in the economic sector.

Financing restructuring is an effort made by Islamic banks to resolve financing problems. According to the Big Indonesian Dictionary, restructuring is rearranging (so

that the structure and order are good). Based on Bank Indonesia Regulation Number 8/21/PBI/2006 concerning assessing the quality of assets of commercial banks carrying out business activities based on sharia principles, it is explained that financing restructuring is an improvement effort carried out by the Bank in the activity of providing funds to customers who are having difficulty fulfilling their obligations properly. follow the applicable provisions, namely the Fatwa of the Indonesian Sharia Council and Financial Accounting Standards that apply to Sharia Banks. This financing restructuring aims to help customers complete their obligations to the Bank.

Factors causing problematic financing can come from external or internal factors. External factors are factors that come from outside the control of bank management itself, for example, natural disasters, technological changes, war, and so on. Meanwhile, internal factors are factors that originate from within the company itself which are usually caused by management, for example, weaknesses in purchasing and sales policies, poor monitoring of costs and expenses, inappropriate receivables processing practices, excessive investment in fixed assets, and inadequate capital. sufficient. The financing restructuring mechanism to overcome problematic financing is by rescheduling or rescheduling, reconditioning or reconditioning, and restructuring or rearranging.

Non-Performing Financing (NPF)

Problematic financing is financing provided to customers by Sharia banks but the customer is unable to make payments or pay installments following the agreement agreed upon by the customer and the bank. This problematic financing can be in the form of non-current financing, financing where the debtor does not meet the promised requirements, financing that does not meet the installment time or schedule, as well as financing that has the potential to harm the debtor. (Vina Anggiya, 2020)

In Bank Indonesia regulation Number 6/10/PBI/2004 dated 12 April 2004 concerning the system for assessing the level of health of commercial banks, the higher the NPL value (above 5%) means the bank is unhealthy, so it can be said that the higher the NPF, the worse the quality. bank credit. Problematic financing is a risk in distributing funds. Criteria The NPF level assessment is <2% in the current category, 2%-5% in the special concern category, 5%-8% in the less than current category, 8%-

12% in the doubtful category, and >12% in the loss category. Meanwhile, problematic financing is categorized as substandard, doubtful, and non-performing.

Capital Adequacy Ratio

Capital Adequacy Ratio (CAR) is the capital adequacy ratio that needs to be provided to guarantee depositors' funds. The purpose of this CAR is to guarantee bank liquidity to depositors. Capital is an important factor in developing business operations and preparing for downside risks. The higher the CAR, the better the bank's ability to bear the risk of providing risky loans or investments (Ananda, 2020).

Bank capital consists of the following.

a. Core Capital, namely paid-in capital and profit after tax.

b. Complementary Capital, namely capital consisting of funds created but not derived from profits, debt capital, and subordinated loans (Suwandi, 2017).

Profitability

Profitability is the ability of a bank to generate profits or profit from both operational and non-operational activities (Muljono, 1996). The company's success is reflected in its ability to generate profits because this is an indicator of fulfilling the obligations of investors. Apart from that, it is also an element of company value creation which shows the company's prospects (Ervani, 2010). Compared with profit, the profitability of a company has a more important meaning because this profitability shows how efficient the company's performance is, namely by comparing the profit obtained with the wealth or capital that produces the profit so that the company not only has to pay attention to the amount of profit but what is more important is to increase profitability.

Return on Assets (ROA) is a ratio that can be used to measure bank management's ability to generate overall profits. This ratio provides an overview of investor turnover as measured by sales volume. The greater the CAR ratio of a bank, the better its asset turnover in generating profits (Ananda, 2020). To increase profitability in Islamic banks, accurate fund allocation is needed. This accurate allocation of funds will result in a high level of profitability and low risk. In Islamic banks, this allocation is usually

distributed to two aspects, namely Earning Assets (productive assets) and Non-Earning Assets (unproductive assets). These productive assets include Murabahah financing (profit sharing), Musyarakah financing (investment), Murabahah financing (buying and selling), Ijarah and Ijarah Muntahiya bit Tamlik IMBT financing (rental), and Sukuk or Sharia bonds. Meanwhile, non-productive assets include cash assets, loans (Qardh al Hasan), investment of funds in fixed assets, and inventory (premises and equipment).

Islamic Bank

A Sharia bank is a financial institution whose business is to provide financing and other services in payment traffic and money circulation which are carried out following Sharia principles. This sharia principle is an agreement rule based on Islamic law that is made between banks and other parties for fund storage or financing activities, for example, mudharabah financing, musyarakah financing, murabahah financing, ijarah, or ijarah wa iqtina. (Han & Goleman, Daniel; Boyatzis, Richard; Mckee, 2019)

The first Sharia bank in Indonesia is Bank Muamalat Indonesia. This bank is the result of the work of the MUI Banking Team which was signed on November 1, 1991. At the beginning of the establishment of Bank Muamalat Indonesia, this bank received little attention in the Indonesian banking world. The only legal basis for banking transactions according to Sharia principles is "banking with a profit-sharing system"; the basics of Sharia law and the types of permitted business are not specified. The profit-sharing system is explained only in passing and is a mere aside. (Antonie, 2001)

On October 27, 1994, Bank Muamalat succeeded in obtaining the title of foreign exchange bank. This further strengthens the company's position as the first and leading Sharia bank in Indonesia with various services and products that Bank Muamalat Indonesia continues to develop to this day (Marimin & Romdhoni, 2017).

Research Methods

This research is included in quantitative research, namely research that uses data analysis in numerical/numerical form, in the form of multiple linear regression, and uses time series data, namely data for variables that are usually measured at consecutive times at the same time interval (Robinson & Sciences, 2020). Apart from that, this

research uses a descriptive method, namely analyzing data by describing the data that has been collected and making conclusions following the research hypothesis.

The population in this study is financing restructuring and profitability data taken from Bank Muamalat Indonesia's quarterly financial reports for 2016-2022. Meanwhile, the sample used in this research follows the population size namely financing restructuring and profitability data taken from Bank Muamalat Indonesia's quarterly financial reports for 2016-2022. The type of data used is secondary data, namely data obtained through other parties, not directly examined by researchers from the research subjects. The data used is data obtained in the form of quarterly financial reports published by Bank Muamalat Indonesia and the company website which is the research sample for the 2016-2022 period.

RESULTS AND DISCUSSION

Unit Root Test Data Stationarity Test

The stationary test aims to determine the nature and tendencies of the data being analyzed and whether it has a stable (stationary) pattern or not. Testing the stationarity of the data used for all variables in the research is based on the Augmented Dickey-Fuller test (ADF test), which is calculated with the help of the E-views program.

Table 1. Unit Root Test Results

Variabel	Level		First Difference	
	ADF	P-Value	ADF	P-Value
Y (Profitabilitas)	-2,700539	0,0870	-4,886998	0,0006
X1 (Restrukturisasi Pembiayaan)	-1,195421	0,6614	-4,960229	0,0005
X2 (NPF)	-1,948483	0,3064	-5,626404	0,0001
X3 (CAR)	0,164571	0,9649	-4,426506	0,0018

Source: Data processed

Based on the test results above, the results show that all variables included in the first level difference data, the financing restructuring, Non-Performing Financing (NPF), and Capital Adequacy Ratio (CAR) variables have reached stationary. This is because this variable has a P-value that is smaller than the 5% significance level, so H0 is rejected, which means the data is stationary at the first difference level.

Cointegration Test

The cointegration test is a test that aims to determine whether or not there is a long-term relationship between variables.

Table 2. Cointegration Test Results

Date: 06/15/23 Time: 11:32
Sample (adjusted): 2016Q3 2022Q4
Included observations: 26 after adjustments
Trend assumption: Linear deterministic trend
Series: Y_ROA X1_RESTRUKTURISASI X2_NPF X3_CAR
Lags interval (in first differences): 1 to 1

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.772112	53.97733	47.85613	0.0119
At most 1	0.318057	15.52586	29.79707	0.7451
At most 2	0.192910	5.572815	15.49471	0.7453
At most 3	1.92E-05	0.000499	3.841466	0.9842

Trace test indicates 1 cointegrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None *	0.772112	38.45148	27.58434	0.0014
At most 1	0.318057	9.953043	21.13162	0.7491
At most 2	0.192910	5.572316	14.26460	0.6685
At most 3	1.92E-05	0.000499	3.841466	0.9842

Max-eigenvalue test indicates 1 cointegrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values
Source: Data Processed

Based on the test results above, it shows that there is cointegration based on trace statistics. This happens because the trace statistic value > critical value, as well as the max eige stat value > critical value, this means that in the long term there is cointegration in the equation model.

Error Correction Model

Table 3. ECM Estimation Results

Dependent Variable: D(Y_ROA) Method: Least Squares

Date: 06/17/23 Time: 00:16

Sample (adjusted): 2016Q2 2022Q4

Included observations: 27 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(X1_RESTRUKTURISASI)	-0.002471	0.001856	-1.331069	0.1962
D(X2_NPF)	-0.029487	0.018795	-1.568841	0.1303
D(X3_CAR)	0.010083	0.007415	1.359745	0.1871

Adjusted R-squared	0.179990	S.D. dependent var	0.098303
S.E. of regression	0.089018	Akaike info criterion	-1.864005
Sum squared resid	0.182256	Schwarz criterion	-1.672029
Log likelihood	29.16406	Hannan-Quinn criter.	-1.806920
F-statistic	2.902316	Durbin-Watson stat	1.508293
Prob(F-statistic)	0.056607		

Source: Data Processed

Based on the results of the data processing above, the following multiple regression equation is obtained:

$$Y = -0.000435\ X1 - 0.060401\ X2 - 0.009772\ X3$$

From these results it can be seen:

X1 in the short term has no significant effect on Y (Prob 0.1962 > 0.05)

X2 in the short term has no significant effect on Y (Prob 0.1303 > 0.05)

X1 in the short term has no significant effect on Y (Prob 0.1871 > 0.05)

Descriptive Statistical Analysis Test

Descriptive statistics are often used to describe various characteristics of data, such as what the average is or how much the data varies. This descriptive statistical analysis is used to test results related to the average (mean), maximum, minimum, and

standard deviation of the financial restructuring and profitability (ROA) variables. The results of calculating descriptive statistics are as follows.

Table 4. Statistical Analysis Test Results

Date: 06/11/23
Time: 09:03
Sample: 2016Q1 2022Q4

	Y_ROA	X1_RESTRUKTURISASI	X2_NPF	X3_CAR
Mean	0.106786	65.25578	3.011071	16.30214
Median	0.090000	62.81587	3.400000	12.76500
Maximum	0.490000	97.59293	4.980000	34.06000
Minimum	0.020000	27.24068	0.080000	10.16000
Std. Dev.	0.110019	22.90151	1.596880	7.543826
Skewness	1.945920	-0.109039	-0.531270	1.721164
Kurtosis	6.870675	1.860723	1.942332	4.275688
Jarque-Bera	35.14996	1.569761	2.622262	15.72316
Probability	0.000000	0.456174	0.269515	0.000385
Sum	2.990000	1827.162	84.31000	456.4600
Sum Sq. Dev.	0.326811	14160.94	68.85067	1536.551
Observations	28	28	28	28

Source: Data Processed

Based on table 4, it shows that the data is valid from 2016 to 2022 is 28 data. The lowest (Minimum) Financing Restructuring Value is 27.24068%. This condition occurred at Bank Muamalat Indonesia for the 3rd quarter of 2016, while the highest (Maximum) financing restructuring value was 97.59293% which occurred at Bank Muamalat Indonesia for the 2nd quarter of 2022. The lowest NPF value (Minimum) is 0.08%. This condition occurred at Bank Muamalat Indonesia for the 4th quarter of 2021, while the highest (Maximum) NPF value was 4.98% which occurred for Bank Muamalat Indonesia for the 1st quarter of 2020. The lowest CAR value (Minimum) is 10.16%.

This condition occurred at Bank Muamalat Indonesia for the first quarter of 2018, while the highest CAR value (Maximum) was 34.06% which occurred at Bank Muamalat Indonesia for the second quarter of 2022. The lowest Return on Asset (ROA) value (minimum) is 0.02%, this condition occurred at Bank Muamalat Indonesia for the period quarters 1, 2, 3 of 2019 and quarters 1, 2, 3, and 4 years 2021. Meanwhile, the

highest (maximum) Return on Asset (ROA) value is 0.49%. This condition occurred at Bank Muamalat Indonesia for the second quarter of 2018. Table 4 also presents the average (mean) value of financing restructuring, NPF, CAR, and ROA respectively at 65.25578%, 3.011071%, 16.30214%, and 0.106786% with standard deviations at 22.90151%, 1.596880%, 7.543826%, and 0.110019%.

Multiple Linear Regression Analysis

The analysis used in this research is multiple linear analysis to determine the effect of the independent variables (Financing Restructuring, NPF, and CAR) on the dependent variable (Profitability).

Table 5. Results of Simple Linear Analysis

Dependent Variable:
Y_ROA Method:
Least Squares

Date: 06/11/23

Time: 10:10

Sample: 2016Q1 2022Q4

Included observations: 28

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1_RESTRUKTURISASI	-0.000435	0.000998	-0.435808	0.6669
X2_NPF	-0.060401	0.016724	-3.611606	0.0014
X3_CAR	-0.009772	0.003829	-2.551999	0.0175

Adjusted R-squared	0.276026	S.D. dependent var	0.110019
S.E. of regression	0.093611	Akaike info criterion	-1.767770
Sum squared resid	0.210313	Schwarz criterion	-1.577455
Log likelihood	28.74878	Hannan-Quinn criter.	-1.709589
F-statistic	4.431386	Durbin-Watson stat	1.187836
Prob(F-statistic)	0.012933		

Source: Data Processed

Based on the table above, the regression model used is as follows: Y = -0.000435 X1 - 0.060401 X2 – 0.009772 X3. From the regression equation, it can be seen that the constant of 0.476339 is interpreted as the level of profitability when the independent variables (financing restructuring, NPF, and CAR) are zero. The regression coefficient

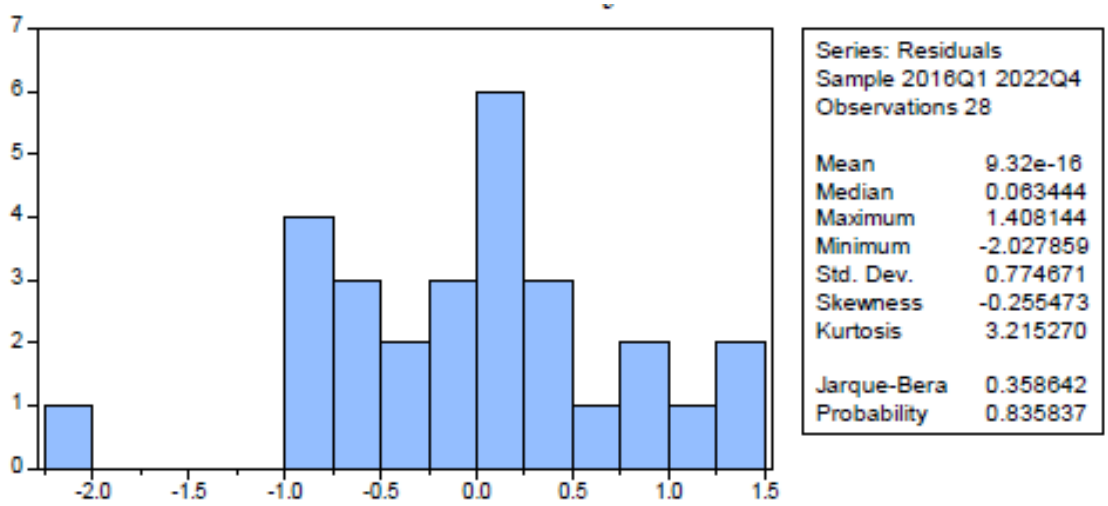
value of -0.000435 states that every 1% increase in financing restructuring will reduce profitability by -0.000435% assuming other variables are constant. The regression coefficient of -0.060401 states that every 1% increase in NPF will reduce profitability by -0.060401% assuming other variables are constant. And the regression coefficient of -0.009772 states that every increase in CAR is equal to 1% will reduce profitability by -0.009772% assuming other variables are constant.

Classic assumption test

Normality Test Results

The purpose of this test is to test whether the dependent and independent variables in the regression model are normally distributed or not. A good regression model data distribution is normal or close to normal. In this study, the normality test was carried out using the Histogram Normality test, namely by comparing the probability value with the alpha value (the chosen confidence level is 0.05). If the probability value > 0.05 means the data is normally distributed and vice versa if the probability value is <0.05 then the data is not normally distributed.

Figure 5. Normality Test Results



Source: Data Processed

From the picture above it can be seen that the probability value (p-value) is significant

above α, namely 0.835837 > 0.05, it can be concluded that the residual value is normally distributed.

Multicollinearity Test

The multicollinearity test aims to find out whether the regression model finds a relationship between the independent variables. If there is a correlation, then multicollinearity (multicollinearity) occurs. When the regression model is good there should be no correlation between independent variables.

Table 6. Multicollinearity Test Results

	LOG_Y_ROA	X1_RESTRUKTURISASI	X2_NPF	X3_CAR
LOG_Y_ROA	1.000000	-0.127795	-0.408519	0.033589
X1_RESTRUKTURISASI	-0.127795	1.000000	-0.511459	0.607333
X2_NPF	-0.408519	-0.511459	1.000000	-0.733527
X3_CAR	0.033589	0.607333	-0.733527	1.000000

Source: Data Processed

The correlation value that can be tolerated in the multicollinearity test is 80 percent (0.8). From the results of the multicollinearity test above, it can be seen that none of the correlation values are above 0.8, so it can be concluded that there is no multicollinearity problem in the research variables. With these results, a classic assumption test has been fulfilled.

Autocorrelation Test Results

The autocorrelation test is used to determine whether in the linear regression model, there is a correlation between the confounding error in period t and the error in period t-1 (previous). If correlation occurs, it is called an autocorrelation problem. A good regression model is a regression that is free from autocorrelation.

Table 7. Durbin Watson Test Results

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	4.761314	Prob. F(2,22)	0.0191
Obs*R-squared	8.458482	Prob. Chi-Square(2)	0.0146

Test Equation:

Dependent Variable: RESID Method: Least Squares

Date: 06/11/23

Time: 22:53

Sample: 2016Q1 2022Q4

Included observations: 28

Presample missing value lagged residuals set to zero.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.254743	0.961687	-0.264892	0.7936
X1_RESTRUKTURISASI	-0.002094	0.007698	-0.272080	0.7881
X2_NPF	0.038438	0.141727	0.271214	0.7888
X3_CAR	0.017212	0.035160	0.489521	0.6293
RESID(-1)	0.628791	0.207856	3.025125	0.0062
RESID(-2)	-0.170063	0.240013	-0.708558	0.4860

R-squared	0.302089	Mean dependent var	9.32E-16
Adjusted R-squared	0.143472	S.D. dependent var	0.774671
S.E. of regression	0.716948	Akaike info criterion	2.359784
Sum squared resid	11.30833	Schwarz criterion	2.645256
Log likelihood	-27.03697	Hannan-Quinn criter.	2.447056
F-statistic	1.904526	Durbin-Watson stat	1.751193
Prob(F-statistic)	0.134434		

Based on the DW value (1.751193) which is smaller than the 4-DU value (2.3497) and greater than the DU value (1.6503), it can be concluded that in this study there was no autocorrelation.

Heteroscedasticity Test Results

The heteroscedasticity test is used to determine whether there are deviations from classical assumptions. Heteroscedasticity is the unequal variance of the residuals for all observations in regression mode. The prerequisite that must be met in the regression model is the absence of symptoms of heteroscedasticity. If the prob value is < 0.05 then

there are symptoms of heteroscedasticity in the research model, whereas if the prob value is > 0.05 then there are no symptoms of heteroscedasticity in the research model

Table 8. Heteroscedasticity Test Results

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	1.163616	Prob. F(3,24)	0.3442
Obs*R-squared	3.555501	Prob. Chi-Square(3)	0.3136
Scaled explained SS	2.893370	Prob. Chi-Square(3)	0.4084

Source: Processed data

From the results of the heteroscedasticity test above, the probability value is 0.3136 > 0.05 so it can be concluded that there are no symptoms of heteroscedasticity in the research model.

Hypothesis test

Partial Test (t-Test)

The t-test is used to partially determine the influence of the independent variable on the dependent variable. The test is carried out as follows:

1. If t count < t table, then reject Ha and accept Ho as the independent variable does not affect the dependent variable.
2. If t count > t table, then Reject Ho and Accept Ha means that the independent variable affects the dependent variable.

Testing can also be carried out using a significant level of 0.05 (α=5%). Acceptance or rejection of the hypothesis is carried out according to the following criteria:

a. If the significant value is > 0.05 then the hypothesis is rejected (the regression coefficient is not significant). This means that partially the independent variable does not have a significant influence on the dependent variable.

b. If the significant value is <0.05 then the hypothesis is accepted (significant regression coefficient). This means that partially the independent variable has a significant influence on the dependent variable.

Table 9. Partial Test (t-Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.476339	0.111574	4.269244	0.0003
X1_RESTRUKTURISASI	-0.000435	0.000998	-0.435808	0.6669
X2_NPF	-0.060401	0.016724	-3.611606	0.0014
X3_CAR	-0.009772	0.003829	-2.551999	0.0175

Source: Processed Data

It is known that the t-statistic for financing restructuring is -0.435808 with a probability value of 0.6669 and with a t table of 2.059539 > - 0.435808 and a probability value of 0.6669 > the value α = 5% (0.05) which means Ha is rejected. Thus, financing restructuring does not have a significant effect on profitability.

The T-statistic for NPF is -3.611606 with a probability value of 0.0014 and with a t table of 2.059539 > -3.611606 and a probability value of 0.0014 < the value of α = 5% (0.05) which means Ha is rejected. Thus, NPF does not have a significant effect on profitability.

The t-statistic for CAR is that the t-statistic is -2.551999 with a probability value of 0.0175 and with a t table of 2.059539 > -2.551999 and a probability value of 0.0175 < of the value α = 5% (0.05) which means Ha is rejected. Thus, CAR does not have a significant effect on profitability.

Simultaneous Test (F)

The F-statistic test is a test that aims to examine the direction of influence of a study jointly between the independent variables on the dependent variable. Based on the regression results of the influence of financing restructuring, Non-Performing Financing (NPF), and Capital Adequacy Ratio (CAR), on the profitability of Bank Muamalat for the period 2016-2022 with a significant level of α = 5% (0.05), as follows,

Table 10. Simultaneous Test (F Test)

F-statistic	4.431386
Prob(F-statistic)	0.012933

Source: Processed Data

Based on the results of the table above, the F-statistic is 4.431386 with a probability value of 0.012933 and an F-Table of 3.38519. So that the results of F-

Statistic > F-Table can be obtained, namely 4.431386 > 3.38519 and the probability value < Sig. as big as 5% (0.05), namely 0.012933 < 0.05, so it can be concluded that the independent variables financing restructuring, Non-Performing Financing (NPF), and Capital Adequacy Ratio (CAR) together have a positive relationship with profitability at Bank Muamalat in the period 2016-2022.

Coefficient of Determination (R^2)

The coefficient of determination (R^2) is intended to measure the ability of a model to explain changes in the dependent variable. If the coefficient of determination $R^2 = 0$, it means that the independent variable does not influence the dependent variable (= 0 percent). Conversely, if the coefficient of determination is $R^2 = 1$, it means that the dependent variable is 100% influenced by the independent variable.

Table 11. R^2 Test

R-squared	0.356468
Adjusted R-squared	0.276026

Source: Processed Data

Based on the results of the table above, the results of the coefficient of determination (R^2) can be seen from the R Square influence between the Financing Restructuring, Non-Performing Financing (NPF), and Capital Adequacy Ratio (CAR) variables on Profitability of 0.356468 (35%). This means that profitability can be explained by 35% by financing restructuring, non-performing financing (NPF), and capital adequacy ratio (CAR). While the remainder (100%-35%= 65%) is influenced by other variables not included in this study.

CONCLUSION

Based on the results of research and discussion, it can be concluded that:

The effect of financing restructuring on profitability based on test results shows that the financing restructuring variable (X1) has a t-statistic value of 0.435808 and a probability value of 0.6669 > the value of $\alpha = 5\%$ (0.05). Thus, financing restructuring does not have a significant effect on profitability. The effect of Non-Performing Financing (NPF) on profitability based on test results shows that the NPF variable (X2) has a t-statistic value of -

3.611606 and a probability value of 0.0014 < the value of α = 5% (0.05) which means Ha is rejected. Thus, NPF does not have a significant effect on profitability. The effect of Capital Adequacy Ratio (CAR) on profitability based on test results shows that the CAR variable (X3) has a t-statistic value of - 2.551999 and a probability value of 0.0175 < the value of α = 5% (0.05) which means Ha is rejected.

Thus, CAR does not have a significant effect on profitability. Financing restructuring, Non-Performing Financing (NPF), and Capital Adequacy Ratio (CAR) based on testing shows an f-statistic result of 3.38519 and a probability value < Sig. amounting to 5% (0.05), namely 0.012933 < 0.05, so it can be concluded that the independent variables financing restructuring, Non-Performing Financing (NPF), and Capital Adequacy Ratio (CAR) together have a positive relationship with profitability.

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