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THE EFFECT OF FINANCIAL PERFORMANCE ON PROFIT CHANGES BEFORE TAX IN THE BANKING SUB-SECTOR LISTED ON THE INDONESIA STOCK EXCHANGE

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ABSTRACT

This study aims to determine the effect of independent variables, in the form of: Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR) and Non-Performing Financing (NPF) on Profit Changes at Commercial Banks in Indonesia for the 2015 - 2022 Period. The method used in this research is quantitative. A sample of 8 banks is used from a total population of 36 commercial banks in Indonesia. The results showed that the three independent variables had no effect on changes in commercial bank profits, either partially or simultaneously. So it is concluded that commercial banks in increasing profits do not need to focus on the three variables above

1. INTRODUCTION

Profit company in general is an indicator of the success of managing a company. Where it is well known that the company's goal is to improve the welfare of shareholders. One way to prosper shareholders is to increase profits. For this reason, company managers must focus on how to increase profits from time to time. This is a consequence of the company's goal for the welfare of shareholders. There are several factors that allegedly influence the company's success in making profits. One of them is the company's ability to manage its finances which is reflected in its financial performance.

According to Yunanto Adi Kusumo stated that the factors that affect bank profits are as follows: capital, financing or credit, Non-Performance Finance (NPF), public funds or third party funds and operational costs. In terms of capital in the banking sector, it is known as the Capital Adequacy Ratio (CAR) or often referred to as the bank's capital adequacy ratio. This Capital Adequacy Ratio (CAR) illustrates how a bank is able to finance its activities with its capital ownership. From this understanding it can be said that Capital Adequacy *Ratio* (CAR) which is high will not only have greater capacity to minimize risk while being more capable of expansion, on the other hand a Capital Adequacy Ratio (CAR) that is too low will make it difficult to expand. Thus the greater the expansion potential, the greater the profit potential. Another factor that is thought to affect profit is the Financing to Deposit Ratio (FDR), which is the ratio of credit to third party funds received by a bank. The Financing to Deposit Ratio (FDR) can show the level of a bank's ability to channel Third Party Funds (DPK) collected by the bank concerned. The higher the Financing to Deposit Ratio (FDR), the profit earned by the bank will increase (assuming the bank is able to extend its credit effectively so it is expected that the number of bad loans will be low). The next factor that is thought to affect profit is Non-Performing Financing (NPF)."Non Performing Financing (NPF) is to measure the level of credit problems faced by banks, the higher this ratio, the worse the quality of bank credit." Banks with high Non-Performing Financing (NPF) will increase the costs of both productive asset reserves and other costs, so that they have the potential to cause bank losses[1].

The world of banking is the backbone of a country's economy, both developing and developed countries. The banking sector functions as an intermediary or intermediary. Intermediation between parties who have excess funds and those who need funds. This intermediary function is very important in a country's economic system. If the intermediary function is not running well, it will result in the economy not working. In order to ensure that the intermediary function runs well, a healthy banking sector is of course needed. Healthy banking financial performance can guarantee this function to run well. Vice versa, if the banking performance is not healthy, it will disrupt the economic system. So that a healthy financial performance is needed,the health condition and performance of the banking sector can be analyzed using financial reports. The bank's financial statements show the overall financial condition of the bank. This financial report aims to provide company financial information, both to owners, management, and outside parties who have an interest in the report. From this information it can be seen whether the bank has achieved a good level of efficiency or not. In the sense of utilizing, managing, achieving optimal performance, and measuring the success of a bank in generating profits[2].

PeI write to find a research gap from the results of several previous studies. In terms of Capital Adequacy Ratio (CAR), [3] entitled the influence of Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR) and Operational Expenses to Operational Income (BOPO) on profit changes, concludes Capital Adequacy Ratio (CAR)) effect on changes in earnings. Meanwhile, in [4] research (2019) entitled the effect of income, risk profile and capital profile on profit changes in the Banking Industry, it concludes that Capital Adequacy Ratio (CAR) has no effect on profit changes.

Sewhile in terms of Financing to Deposit Ratio (FDR), research was conducted entitled the influence of Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR) and Net Interest Margin (NIM), concluding Financing to *Deposit Ratio* (FDR) has a positive and significant effect on earnings changes. Whereas in [5] entitled the effect of financial ratios on changes in profit, concluded that the Financing to Deposit Ratio (FDR) has no effect on changes in profits.

Sehe continued in terms of Non Performing Financing (NPF) [6]' research (2014) in his research entitled analysis of the effect of Financing to Deposit Ratio (FDR), Non Performing Financing (NPF) and Operating Expenses Against Operating Income (BOPO) on profit changes, concluded that Non Performing Financing (NPF) has a significant effect on Profit Changes. Meanwhile, according to Tuti Rahmadani (2017) in her research entitled the influence of Capital Adequacy Ratio (CAR), Net Interest Margin (NIM), Loan to Deposit Ratio (LDR), Non-Performing Loans (NPL) and Operating Expenses Against Operating Income (BOPO) on changes in earnings, concluding that Non Performing Financing (NPF) has no significant effect on changes in profits[7].

Based on the description above, there are several variables that affect bank profits, but the results are not consistent. This resulted in various understandings regarding the effect of financial ratios on changes in earnings. Therefore researchers are interested in doing further and further research on different objects. The object in this study is a commercial bank in Indonesia. With this research, it is hoped that it will strengthen the results of previous studies. So that he is expected to be a reference for managers of commercial banks to increase their profits.

2. LITERATURE REVIEW

2.1. Profit Changes

Profit is a word that is often heard or even familiar. Even profit is sometimes the topic of study in various discussion forums. Various definitions of profit put forward by many experts. Operational profit is the difference between the realized income arising from transactions during one period and the costs associated with that income" [8]. Meanwhile, according to [9] "Profit is the excess of the results of the cost of all income and loss items, costs do not include interest, taxes and profit sharing". Meanwhile, according to Harahap in [10] Profit is an important figure in financial reports for various reasons, including: profit is the basis for tax calculations, a guide in determining investment policies and decision making,

Pechange in profit is an increase or decrease in profits earned by the company compared to the previous year. Changes in profits obtained by the company are quite important for users of financial statements because by knowing changes in profits in the company, they can determine whether there is an increase or decrease in financial performance in a company. "change in profit is the difference between income in a period and costs incurred to bring about changes in profit". Meanwhile, according to [11] "change in profit is a difference profit earned by the company on sales activities which can be seen through the annual profit from the previous year. Machfoedz states that changes in profits that occur in companies can be calculated using the following formula:

Where:

n = Change in profit in the nth year

Y = Profit before tax

n = Year n

The profit change indicator used in this study is profit before tax. The use of profit before tax as an indicator of changes in profit is intended to avoid the effect of using different tax rates between the periods analyzed.

2.2. K Profit characteristics

Chariri and Ghozali in Dila Ersyawalia (2015:5) state that profit has several characteristics, including the following:

1) Profits are based on transactions that actually occurred.
2) Profit is based on the periodization postulate, meaning that it is the company's achievement in a certain period.
3) Profit is based on the revenue principle which requires a special understanding of the definition, measurement and recognition of revenue.
4) Profit requires measurement of costs in the form of historical costs incurred by the company to obtain certain income.
5) Profit is based on the principle of comparison (matching) between revenues and costs that are relevant and related to that income.

In this case there are several roles of profit, namely a principal strength so that the company can survive for the short and long term of the company, remuneration for funds invested by the company, one of the sources of company funds, and attraction for third parties who want to invest.

2.3. Earnings Before Interest and Taxes (EBIT)

Earnings Before Interest and Taxes(EBIT) or earnings before interest and taxes ais one of the components of the Profit and Loss Report which is commonly known as Operating Profit, the Earnings Before Interest and Taxes (EBIT) value shows how much profit the company generates from its operational activities without including the element of interest or tax costs, in other words Earnings Before Interest and Taxes (EBIT) is a measure of company performance and profitability. "If the value of the company increases every year, Financial Distress will decrease" (Adi Cahyono, 2012).

Financial Distress(financial difficulties) is an early indication before the bankruptcy of the company. "Financial Distress is caused by the company's low ability to generate profits or profits from its operating processes" (Shaari, 2013). There are two methods of calculating Earnings Before *Interests and Taxes*(EBIT), namely the Direct Method and the No Method Langsung (Indirect Method).

The first method shows directly the Earnings Before Interest and Taxes (EBIT) value from the first order in the Income Statement, while the second method shows the original value of interest costs and taxes added back to the Net Profit value. The difference between the two methods clearly has two different points of view. The direct method shows the point of view of the company's initial operational activities. and the indirect method shows the point of view of year-end profitability by showing also the value of interest costs and taxes. However, the two methods will produce the same Earnings Before Interest and Taxes (EBIT) value.

2.4. Profit Change Analysis Techniques

According to Anogara and Piji in Zainal Abidin (2013: 8), there are two kinds analysis to determine profit growth, namely:

1) Fundamental Analysis
   Fundamental analysis is an analysis related to the company's financial condition. With fundamental analysis, it is hoped that potential investors will know how the operations of the company that will later become the property of the investor, whether it is healthy or not, whether it is profitable or not and so on. This is important because later it will be related to the results to be obtained from the investment and the risks that must be borne.
2) Technical Analysis
   Technical analysis is often used by investors and usually market data or notes used are in the form of charts. This analysis attempts to predict future profit growth by observing changes in *past earnings. This technique ignores matters relating to the company's financial position.*

2.5. Capital Adequacy Ratio (CAR)

Capital Adequacy Ratio(CAR) or often referred to as the ratio bank capital adequacy, namely how a bank is able to finance its activities with its capital ownership. According to Kasmir (2014: 46) "Capital Adequacy Ratio (CAR) is the ratio of bank performance to measure the adequacy of capital owned by a bank to support assets that contain or generate risk, for example loans." So that Irham [12] states this ratio can be formulated as follows:

$$CAR = \frac{Bank\ capital}{risk\ weigh\ tedassets} x100$$

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The concept explained that if a bank has a Capital Adequacy Ratio (CAR) of 8%, then the bank can be said to be in a healthy or guaranteed position. Capital adequacy is an important factor for banks in the context of business development and accommodating the risk of loss. Bank Indonesia (BI) determines the minimum capital adequacy requirement that must always be maintained by each bank as a certain proportion of the total Risk Weighted Assets (RWA) or mathematically.

Risk Weighted Assets (RWA) is the total value of each bank's assets after being multiplied by the respective risk weights of the assets. The least risky assets are given a weight of 0% and the most risky assets are given a weight of 100%. Thus, Risk Weighted Assets (RWA) shows the value of risky assets that require sufficient anticipated capital.

2.6. *Financing to Deposit Ratio*(FDR)

Financing to Deposit Ratio (FDR) is an aspect of liquidity, where a

A bank can be said to be liquid, if the bank concerned can pay its debts, especially savings deposits, demand deposits and time deposits when billed and can also fulfill all credit applications that are feasible to be financed. According to [13] "Financing to Deposit Ratio (FDR) is a ratio to measure the composition of the amount of credit given compared to the amount of public funds and own capital used". Based on Bank Indonesia circular letter no 26/BPPP dated 29 May 1993 the amount of the Financing to Deposit Ratio (FDR) was determined by Bank Indonesia not to exceed 110%. Which means the bank may provide credit in excess of the amount of third party funds that have been collected as long as it does not exceed[14] 110%. Thus, Muhammad stated the calculation of the Financing to Deposit Ratio ratio

(FDR) are as follows:

$$FDR = \frac{Disbursed\ financing}{third\ party\ funds} x100\%$$

2.7. *Non Performing Financing*(NPF)

According to Dwi Nur'aini (2013:96) “Non Performing Financing (NPF) is

to measure the level of credit problems faced by banks, the higher this ratio, the worse the credit quality of the bank. Banks with high Non-Performing Financing (NPF) will increase the costs of both productive asset reserves and other costs, so that they have the potential to cause bank losses. Non Performing Financing (NPF) is the ratio of non-performing loans in a bank. If non-performing loans increase, the risk of decreasing profitability will increase. If profitability decreases, the bank's ability to expand credit decreases and the credit rate decreases. According to Khasanah (2010: 55) Non Performing Financing (NPF) is calculated based on a comparison between the number of problem loans compared to total credit.

$$NPF = \frac{troubled\ credit}{total\ credit} = x\ 100\%$$

Explains that high Non-Performing Financing (NPF) will reduce the profit that will be received by the bank, the decrease in profit will result in the dividends being distributed also decreasing so that the growth rate of bank stock returns will decrease. According to [15], rescuing bad loans is carried out by several methods, namely:

1) Rescheduling, namely by extending the credit period and extending the installment period.
2) Reconditioning, namely by changing various existing requirements such as: interest capitalization, delaying interest payments until a certain time, lowering interest rates, and waiving interest.
3) Restructuring, namely by increasing the amount of credit and increasing equity.
4) Combination, namely by combining the three types of methods above.
5) Confiscation of collateral, namely by confiscating collateral if the customer is no longer able to pay the installments.

In an effort to simplify and clarify the research process, a framework for this research plan was formulated concerning the influence of Capital Adequacy Ratio (CAR) (X1), Financing to Deposit Ratio (X2) and Non Performing Financing (NPF) (X3), on Changes Profit before tax (Y). So that the framework or conceptual relationship between these variables can be described as follows:

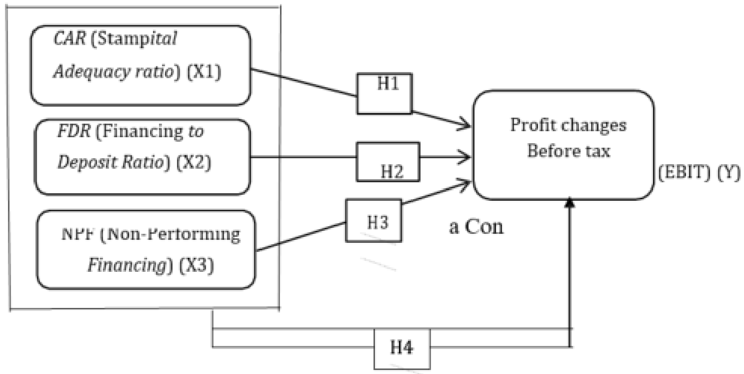

Figure 1. Conceptual Framework

Based on the above, the proposed research hypothesis is as follows:

H1: CAR (Capital Adequacy Ratio) is thought to have a significant effect on Pechanges in profit before tax (EBIT) partially.

H2: FDR (Financing to Deposit Ratio) is thought to have a significant effect on changes in profit before tax (EBIT) partially.

H3: NPF (Non Performing Financing) is thought to have a significant effect on changes in profit before tax (EBIT) partially.

H4: Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR) and Non Performing Financing (NPF) are thought to have a significant effect on changes in profit before tax (EBIT) simultaneously.

3. METHODS

Sampling and Population Determination Techniques

The population in this study were 35 commercial banks that obtained permits from Bank Indonesia (BI) and the Financial Services Authority (OJK). The sample determination method used in this study was purposive sampling. "Purposive sampling is a sample selection technique based on certain criteria" [16]. The criteria for this research sample are:

1) Commercial Banks in Indonesia registered with Bank Indonesia (BI) and Service Authority Finance (OJK).
2) Commercial Banks in Indonesia that submit annual financial reports for the period 2015 - 2022 consistently and have been published on the website of each Commercial Bank in Indonesia.
3) These commercial banks in Indonesia have the required data (listing on the Indonesia Stock Exchange) regarding the variables used for research during the 2011-2018 period.
4) Commercial banks in Indonesia include national private commercial banks (BUSN) and foreign exchange state-owned commercial banks (BUMN).

Based on the criteria above, a sample of 8 banks was obtained. The data in this study used panel data, which is a combination of time series and cross section data. With the time period 2015 - 2022. The data is taken in the annual sub-period of 8 years. In addition to the time series data taken in cross section, in the form of a sample of 8 banks, so the total sample data in this study is 8 years x 8 banks = 64 observational data.

Data collection technique

In this research, the data used is in the form of numbers for each quantity research variables. So this research uses quantitative methods. The data is taken from the Indonesia Stock Exchange (IDX) or directly from the websites of commercial banks as samples. So the data used is secondary data.

4. RESULTS AND DISCUSSION

Research result

Multiple regression analysis was chosen to analyze the deep hypothesis submission this research. The calculation of the results of multiple regression analysis was carried out using the SPSS version 23.0 program. The regression coefficients for each variable are obtained with the help of the SPSS version 23.0 program. The multiple linear regression equation can be written as follows:

$Y = 10.752 + 0.761\ X1 - 0.082\ X2 - 2.335\ X3 + e$

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Information:
X_1 : Capital Adequacy Ratio (CAR)
X_2 : Financing to Deposit Ratio (FDR) X_3 : Non Performing Financing (NPF) b_1 : 0.761
b_2 : -0.082 b_3 : -2.335 α : 10.752
e : error term

A constant value of 10.752 means that if the variable Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR) and Non Performing Financing (NPF) is equal to zero, then the score for changes in profit before tax or Earnings before Interest and Taxes (EBIT) is equal to 10,752. This means that there are still changes even though the values of X1, X2 and X3 against Y are zero.

The beta coefficient value for the Capital Adequacy Ratio (CAR) variable is 0.761 and is positive, this indicates that every increase in the Capital Adequacy Ratio (CAR) (X1) by one unit, the variable changes in profit before tax or Earnings before Interest and Taxes (EBIT) (Y) will increase by 0.761. Conversely, a one-unit decrease in the Capital Adequacy Ratio (CAR) variable will reduce the change in earnings before tax Earnings Before Interest and Taxes (EBIT) of 0.761 with the assumption that the other independent variables from the regression model are fixed.

The beta coefficient value for the Financing to Deposit Ratio (FDR) variable is equal to 0.082 and a negative sign, this indicates that the Financing to Deposit Ratio (FDR) (X2) has the opposite relationship to changes in profit before tax or Earnings Before Interest and Taxes (EBIT) (Y). This means that for every one unit increase in the Financing to Deposit Ratio (FDR), the variable change in earnings before tax or Earnings before Interest and Taxes (EBIT) will decrease by 0.082 assuming that the other independent variables from the regression model are fixed.

The beta coefficient value for the Non Performing Financing (NPF) variable is equal to 2.335 and a negative sign, this indicates that Non Performing Financing (NPF) (X3) has the opposite relationship with changes in earnings before interest and taxes (EBIT) (Y). This means that for every one unit increase in Non-Performing Financing (NPF), the variable change in earnings before tax or Earnings Before Interest and Taxes (EBIT) will decrease by 2.335 assuming that the other independent variables from the regression model are constant.

Partial Significance Test (t test)

The T test aims to determine whether there is a partial effect or not (single) given the independent variable (X) to the related variable (Y). This decision was made based on a comparison of the significance value of the calculated t value of each regression coefficient with a predetermined significance level, which is equal to 5% (α=0.05). If the significance of t count is greater than 0.05, then the hypothesis (Ho) is accepted, which means that the independent variable has no significant effect on the dependent variable. Meanwhile, if the significance is less than 0.05, then Ho is rejected, which means that the independent variable has a significant effect on the dependent variable (Ghozali, 2011).

The effect of Capital Adequacy Ratio (CAR) on changes in earnings before tax or Earnings Before Interest and Taxes (EBIT), a sig value of 0.431 > 0.05 is obtained, so it can be concluded that H0accepted and H1rejected, which means there is no significant effect of Capital Adequacy Ratio (CAR) on changes in earnings before tax or Earnings Before Interest and Taxes (EBIT) with a significance level of 5%.

As for the effect of the Financing to Deposit Ratio (FDR) on changes in earnings before interest and taxes (EBIT), a sig value of 0.776 > 0.05 is obtained, so it can be concluded that H0accepted and H1rejected, which means that there is no significant effect of the Financing to Deposit Ratio (FDR) on changes in earnings before tax or Earnings Before Interest and Taxes (EBIT) with a significance level of 5%.

While the effect of Non Performing Financing (NPF) on changes in earnings before tax or Earnings Before Interest and Taxes (EBIT), a sig of 0.389 > 0.05 so it can be concluded that H0rejected and H1accepted, which means that there is no significant effect of Non Performing Financing (NPF) on changes in earnings before tax or Earnings Before Interest And Taxes (EBIT) with a significance level of 5%.

Simultaneous Significance Test (F Test)

The f test aims to determine whether the Capital Adequacy Ratio variable (CAR), Financing to Deposit Ratio (FDR) and Non Performing Financing (NPF) jointly or simultaneously affect changes in earnings before tax or Earnings Before Interest and Taxes (EBIT). With the following conditions:

1) If the sig value < 0.05, or f count > f table, then there is a simultaneous effect of variable X on variable Y.
2) If the sig value > 0.05 or f count <f table, then there is no simultaneous influence of variable X on variable Y.

Based on the research results it is known that the Fcount value is 0.688 while the Ftable is 1.40 so that the Fcount is 0.688 < Ftable 1.40. With the resulting significance value of 0.563 > 0.05. Then the previous hypothesis is H1rejected or H0accepted which states that in this study the variables Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR) and Non Performing Financing (NPF) do not have a significant effect simultaneously on changes in earnings before interest and taxes (EBIT).

Determination Coefficient Test (R^2)

The coefficient of determination in essence is to measure how far ability model in explaining the variation of the dependent variable. The value of the coefficient of determination is from 0 – 1. The calculation of the coefficient of determination test (R^2) uses SPSS version 23.0. More complete results of the Coefficient of Determination Test results (R^2) we can see in the following table:

The test results of the coefficient of determination (R^2) in this study, the adjusted R square value was -0.015 or -1.5%, because it has a negative value, the value is considered zero, or the independent variable is completely unable to explain the variance of the dependent variable. It is possible that the change in profit before tax (EBIT) variable is influenced by other factors that are not included in this study. Such as Return on Assets (ROA), Net Interest Margin (NIM), Operating Expenses to Operating Income (BOPO), Return on Equity (ROE), Quality of Earning Assets (KAP) and Third Party Funds (DPK).

Discussion

This research was conducted to discuss the influencing variables changes in profit before tax or Earnings before Interest and Taxes (EBIT) at 8 commercial banks in Indonesia. These variables are limited to Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR) and Non Performing Financing (NPF). In this study all independent variables have no significant effect either partially or simultaneously on changes in earnings before tax or Earnings efore Interest and Taxes (EBIT).

Influence the Capital Adequacy Ratio (CAR) to Changes in Prior Earnings Pinvite or Earnings before Interest and Taxes (EBIT).

According to [15] "Capital Adequacy Ratio (CAR) is the ratio of bank performance to measure the adequacy of capital owned by a bank to support assets that contain or generate risk, for example loans." The results of this study indicate that the Capital Adequacy Ratio (CAR) has no effect on changes in earnings before tax or Earnings before Interest and Taxes (EBIT) partially.

The results of this study are in line with research conducted by Dirgantara and Wahono (2012) who included Capital Adequacy Ratio (CAR) as one of the variables in their research. The results in his research concluded that the Capital Adequacy Ratio (CAR) has no significant effect on changes in earnings. However, the results of this study are not in line with research conducted by A. , and research conducted by [17] which shows that the Capital Adequacy Ratio (CAR) has a positive and significant effect on earnings changes. Likewise Rodiyah's research [18] the results in his research concluded that the Capital Adequacy Ratio (CAR) has a positive effect on changes in earnings. Research conducted by HF Karuniawati and N.

The Capital Adequacy Ratio (CAR) has no significant effect on changes in profit before tax or Earnings before Interest and Taxes (EBIT), because banking companies operating in the year of observation have not optimized their existing capital. This is due to Bank Indonesia regulations that require the Capital Adequacy Ratio (CAR) to reach or be at least 8%. As a result, banks always try to keep their Capital Adequacy Ratio (CAR) in accordance with the provisions. The Capital Adequacy Ratio (CAR) coefficient is positive, but this is followed by an increase in other independent variables such as the Financing to Deposit Ratio (FDR). The Capital Adequacy Ratio (CAR) is high but followed by a high Financing to Deposit Ratio (FDR). This causes it is still difficult to extend credit.

Influence the Financing to Deposit Ratio (FDR) to Changes in Prior Earnings Pinvite or Earnings Before Interest and Taxes (EBIT).

"Financing to Deposit Ratio (FDR) is a ratio that describes the extent to which savings are used for lending. If this ratio is too low, the level of liquidity will be higher and if this ratio is too high, it will cause liquidity difficulties". The results of this study indicate that the Financing to Deposit Ratio (FDR) has no effect on changes in Earnings before Interest and Taxes (EBIT) partially. The results of this study are in line with research conducted by [19] in her research which concluded that the Financing to Deposit Ratio (FDR) partially has no effect on changes in profit. Likewise NV Feranita and K. Adi (2017) stated that the Financing to Deposit Ratio (FDR) had no significant effect on changes in profit.

However, the results of this study are not in line with research conducted by [20]in his research which concluded that the Financing to Deposit Ratio (FDR) has an effect on changes in earnings. The results in his research concluded that the Financing to Deposit Ratio (FDR) has a positive effect on changes in profit.

The credit expansion factor indicated by the Financing to Deposit Ratio (FDR) ratio is very important for banks in carrying out their intermediary function with the aim of obtaining profits from the difference between credit interest receipts and deposit interest expenses. By increasing and managing good credit distribution, it will encourage a bank to increase its ability to earn profits. The Financing to Deposit Ratio (FDR) has no significant effect on Changes in Earnings before Interest and Taxes (EBIT), this is because the total credit provided by the bank is unable to offset the demand for depositors who wish to withdraw their money.

Furthermore, due to the bank's prudential attitude in maintaining the risk of credit failure, the amount of funds available is not realized properly. This has an impact on idle cash because it cannot distribute credit that provides interest income, which will benefit the bank.

Influence None Performing Financing (NPF) on Changes in Prior Profit Pinvite or Earnings Before Interest and Taxes (EBIT).

The results of this study indicate that Non Performing Financing (NPF) no significant effect on changes in Profit Before Taxes or Earnings Before Interest and Taxes (EBIT) partially. The results of this study are in line with research conducted by Rodiyah, Wibowo (2014) who included Non Performing Financing (NPF) as one of the variables in his research. The results in his research concluded that Non Performing Financing (NPF) had no significant effect on changes in profit.

However, the results of this study are not in line with the research conducted by A. Naser (2013) in his research which stated that Non Performing Financing (NPF) has an effect on changes in profits, and [21] in his research stated that Non Performing Financing (NPF) has a positive effect on profit change. Then also [22] results in his research.

Concludes that Non Performing Financing (NPF) has a significant effect on Profit Changes. "Non Performing Financing(NPF) is a ratio that shows the ability of bank management to manage non-performing loans provided by banks" [23]. Non Performing Financing (NPF) will be directly related to the bank's financial performance. The emergence of credit risk allows for a decrease in income because the largest income comes from interest on loans. It does not have a significant effect on changes in profit, this can be explained that even though Non Performing Financing (NPF) has increased due to debtors' obligations to repay their unpaid obligations. This still will not affect profits, if the capital is high and the total loans extended also increase. So that even though the debtor has not paid back his obligations, it can be covered with existing capital and increased interest on new loans.

Influence Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR) and Non Performing Financing (NPF) to Changes in Earnings Before Interest and Taxes (EBIT).

Based on the results of this study, it was stated that the variables Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR) and Non Performing Financing (NPF) did not simultaneously have a significant effect on Changes in Earnings Before Interest and Taxes (EBIT). This is supported by the results of the calculation of the coefficient of determination (R^2) indicates that the relationship between the independent variables to the dependent variable has a weak correlation. And with the adjusted R value squareof 0.015 indicates that the variables Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR), Non Performing Financing (NPF) are able to explain changes in earnings before tax or Earnings Before Interest and Taxes (EBIT) of only 1.5% while 98, 5% is influenced by other variables. Other variables that are likely to have an effect on profits are:

1) Return on Assets (ROA)
   Peresearch conducted by HF Karuniawati and [24] concluded that Return on Assets (ROA) has a significant effect on changes in earnings. Research by [22] and [5], Sri Rahayu and Yudi (2018), concluded that Return On Assets (ROA) has a significant effect on changes in profit.
2) Net Interest Margin (NIM)

Peresearch conducted by [5], Sri Rahayu, and Yudi (2018) concluded that the Net Interest Margin (NIM) has a significant effect on changes in profit.

3) Operating Expenses to Operating Income (BOPO)
Peresearch conducted by Patuak (2014) concluded that the variable Operating Expenses on Operating Income (BOPO) has a positive effect on changes in profits, and A. Naser concluded that Operating Expenses on Operating Income (BOPO) have an effect on changes in profits. Research by [19] [3] Concluded that Burden Operational to Operating Income (BOPO) has a significant effect on profit changes.
4) Return on Equity (ROE)
Peresearch conducted by HF Karuniawati and N. Handayani (2014) concluded that Return on Equity (ROE) has a significant effect on changes in earnings. And Virli Indayani's research (2017) concluded that Return on Equity (ROE) has a significant influence on changes in earnings.
5) Quality of Earning Assets (KAP)
Peresearch conducted by [25]concluded that Earning Asset Quality (KAP) has a significant positive effect on changes in earnings. [5] Concluded that Earning Asset Quality (KAP) has a significant effect on changes in earnings.
6) Third Party Funds (DPK)
Peresearch conducted by [26] concluded that Third Party Funds (DPK) have a significant effect on changes in profits.

5. CONCLUSION

Based on research and data processing, it can be concluded that: Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR) and Non Performing Financing (NPF) have no significant effect on changes in banking profit before tax (EBIT) partially. Likewise, the three of them have no effect on changes in profit before tax (EBIT) simultaneously. Saran so that banks in Indonesia do not focus too much on the three ratios: Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR) and Non Performing Financing (NPF) in making profits. Subsequent research takes other ratios which allegedly influence changes in profit before tax.

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