
RISK MANAGEMENT IMPLEMENTATION OF CONVENTIONAL BANK PROFITABILITY USING THE CEO'S POWER AS A MODERATOR VARIABLE DURING THE COVID-19 PANDEMIC

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ABSTRACT

This study aims to examine the effect of risk management implementation on profitability of conventional commercial banks with CEO tenure as moderator variable during the covid-19 pandemic. This research is included in the hypothesis testing study. All banking companies listed on the Indonesia Stock Exchange (IDX) during the 2020-2021 period are the population in this research. The sampling method was carried out by purposive sampling. F-count obtained the number 128.114 with a probability number of 0,000. This probability number is less than 0.05, so it can be said that the model is fit or appropriate and can be used to estimate profitability; in other words, it can be stated that NPL, NIM, LDR, BOPO, CEOTENURE *NPL, CEOTENURE*NIM, CEOTENURE*LDR, CEOTENURE*BOPO together -same effect simultaneously on profitability (ROA). NPL has a positive effect and its value is not significant to the ROA of conventional commercial banks. NIM has a positive influence and a significant value on the ROA of conventional commercial banks. LDR has a negative and insignificant effect on the ROA of conventional commercial banks. BOPO has a negative and significant impact on conventional commercial bank ROA. CEO Tenure cannot moderator the effect of NPL on the ROA of conventional commercial banks. CEO Tenure can moderator NIM's influence on conventional commercial banks' ROA. CEO Tenure cannot moderator LDR's effect on conventional commercial banks' ROA. CEO Tenure can moderator the influence of BOPO on the ROA of conventional commercial banks.

Keywords: bank, ceo tenure, risk management.

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INTRODUCTION

Global economic conditions and especially in Indonesia, are currently unstable due to the impact of the Covid-19 outbreak. Covid-19 has actively spread to almost all countries worldwide and has harmed the economy (Nasution et al., 2020). The reason is to restrict human mobility in social interactions and economic activities to keep transmission under control (Hamdun et al., 2022). The widespread development of Covid-19 also impacts the stability of the financial system and bank operations in a country, so special attention and policies are needed to keep bank functions running with the aim of the economy not declining significantly (Abubakar & Handayani, 2021).

The problem that arose in the banking sector as a result of the Covid-19 outbreak was decreasing on bank profitability, this condition happened due to bank's credit quality has worsened because the difficulty of debtors in fulfilling their obligations to pay their credit, which had an impact on increasing Bank Non-Performing Loans (NPL), which then continued to decrease the loans disbursed, because the Bank tightened channelling credit, on the other hand, the demand for credit from the public has also decreased due to the impact of the pandemic (Utami & Yustiawan, 2021).

Declining financial performance can be observed from the profits earned by banks during the pandemic. To estimate the level of profit that will be obtained by a company, the comparison of profits or profitability ratios can be used. Profit is a parameter to see whether a bank's performance is good or not. Return on Assets (ROA), or the comparison of profits to all assets, is one of several instruments that can be used to calculate a bank's capability to maximize profit (Alim, 2014).

Return on Assets (ROA) is a comparison of returns on several assets used by companies (Chandra et al., 2020). The increased ROA value shows that the Bank has improved performance. The movement of Return on Assets (ROA) and Profits at Commercial Banks from 2019 to 2021 can be seen in the following figure:

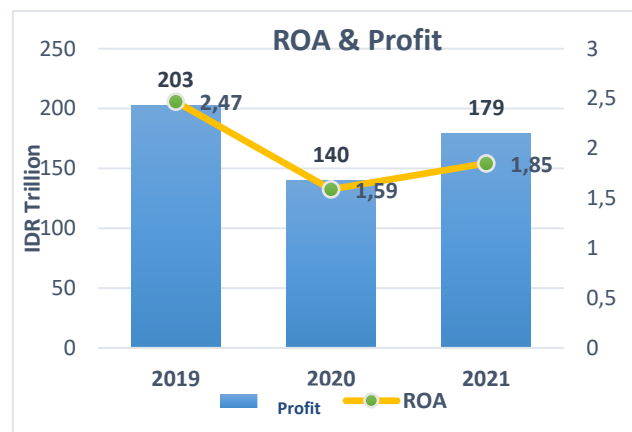


Figure 1. ROA and Profit Data for Conventional Commercial Banks for 2019-2021

Source: OJK, 2019-2022 (data processed)

In 2020, ROA was recorded to have decreased from 2.47% to 1.59% at the same time in the previous year. This condition was caused by declining profits due to debtors' deteriorating credit quality conditions along with the COVID-19 outbreak. Banks booked more enormous reserves in line with debtor credit quality conditions, most of which experienced a deterioration.

In 2021, the profitability of Conventional Commercial Banks was reported to have recovered with an increase in banking ROA from 1.59% to 1.85% in the same period in the previous year. The ROA figure, which showed an increase, was triggered by profit before tax which increased by 16.17% (yoy) after the previous year, which decreased -by 24.28% (yoy). At the same time, the average total assets remained constant.

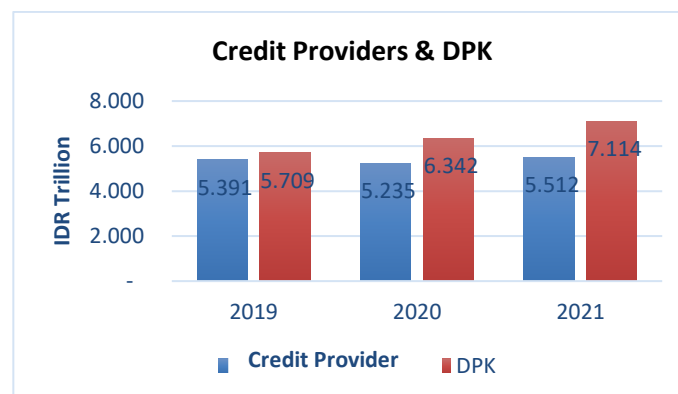


Figure 2. Distribution of Credit and DPK (Third Party Funds) for 2019-2021

Source: OJK, 2019-2022

In 2020, lending decreased slightly compared to 2019 due to the conditions of the Covid 19 pandemic, and in 2021 lending began to increase.

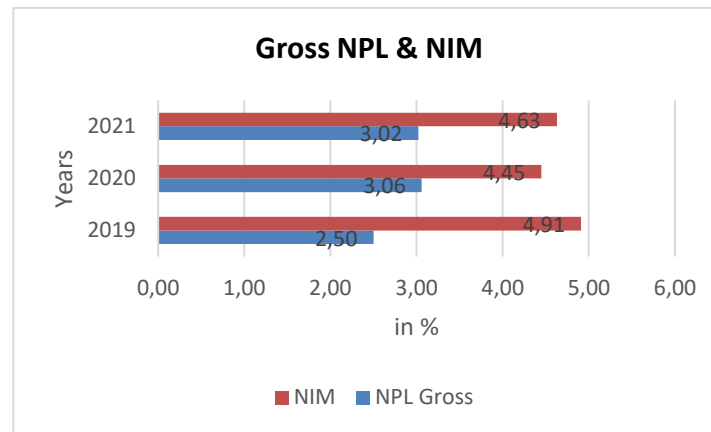


Figure 3. Distribution of Credit and DPK (Third Party Funds) for 2019-2021

Source: OJK, 2019-2022

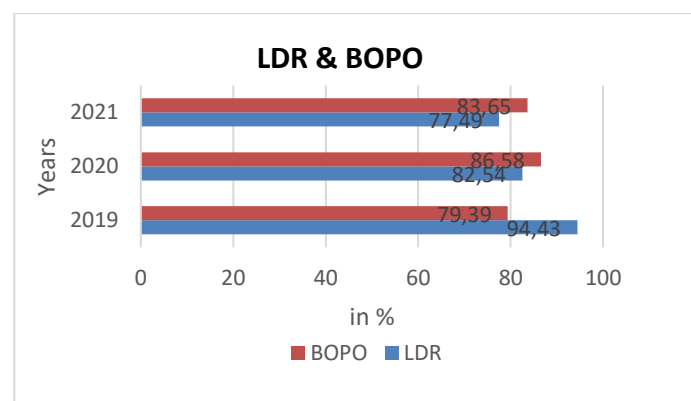


Figure 4. LDR and BOPO Data for Conventional Commercial Banks for 2019-2021

Source: Indonesian Banking Statistics 2019-2022 (data processed)

Based on the data above, a pandemic has reduced or weakened the Bank's mediation function. The number of NPLs has increased, credit distribution has slowed, and banks have also faced rising BOPO fees. Hence, the conditions for banks could be better than before the pandemic in carrying out their intermediary function. The phenomenon of various attenuations is a gap phenomenon that is of interest to the author for further study.

As previously explained, bank strength plays a vital role in economic stability and growth. Bank stability depends on profitability and capital adequacy (Rustendi, 2019). Studies from previous research related to risk management and profitability of commercial banks still show different results.

Furthermore, only a few researchers have placed the affirmation of CEO tenure in the causal relationship between risk management and the profitability of conventional commercial banks in Indonesia. Therefore, this research is expected to provide different results regarding the gaps in previous research (Pahlevi & Rahab, 2022).

The CEO's tenure influences the company's environment, stakeholders, strategy, and activities, which directly or indirectly impacts financial performance. Thus, studying the relationship between the CEO's tenure and the company's financial performance is essential.

The addition of CEO Tenure in this study is based on the premise that the longer the CEO has served in a company, the company's resources will be managed and allocated more effectively to maximize the profits to be generated. Experience, unique expertise, and more knowledge possessed by a CEO will make a difference in managing a company.

This research is a development of research (Ejoh et al., 2014), (Alshatti, 2015), (Ndoka & Islami, 2016), (Katerina, 2018), (Kidane, 2020), (Sante et al., 2021), and (Mardiansyah & Suryani, 2021). We are examining the effect of implementing risk management on profitability in the Indonesian banking industry. Contrary to previous studies or research, this research assesses the role of implementing risk management by using Non-Performing Loan (NPL) indicators for credit risk, Net Interest Margin (NIM) for market risk, Loan to Deposit Ratio (LDR) for liquidity risk and BOPO for operational risk, to bank profitability proxied by Return on Assets (ROA), as well as by adding CEO Tenure as measured by the number of years in which the CEO has served in that position as a moderator variable. In addition, this research was conducted in abnormal economic conditions, namely when the economy was experiencing a decline due to the impact of the Covid-19 pandemic. The Covid-19 pandemic has affected almost all business sectors including the banking industry.

This study focuses on the role of risk management on bank profitability because profitability proxied by ROA has a positive relationship with financial performance and a negative relationship with risk-taking. It can be stated that risk management indicators have relevance to current and future profits. This research also aims to see and examine the influence of CEO Tenure on the causal relationship between risk management and bank profitability.

Based on this description, this research aims to examine the Effect of Risk Management Implementation on the Profitability of Conventional Commercial Banks with CEO Tenure as a Moderator Variable During the Covid-19 Pandemic.

METHODS

Population and Research Sample

A population is a group of elements with specific characteristics that can be used to make conclusions. The population in this research are commercial banks listed on the Indonesia Stock Exchange (IDX) during the 2020-2021 period. The sampling method was carried out by purposive sampling, aiming to obtain a representative sample. This research uses secondary data collected from annual reports of conventional general banking companies listed on the Indonesia Stock Exchange (IDX) for 2020-2021. This data can also be found on the Indonesian Capital Market Directory, IDX homepage www.idx.co.id, as well as direct download on the company's website as a sample. Moderation regression analysis is a data analysis technique that utilizes SPSS v26. Several criteria were used to determine the number of samples in this research. The criteria that form the basis for determining the number of samples are shown in table 1.

Table 1. Sampling Criteria

Criteria	Amount
Conventional commercial bank companies listed on the IDX for the 2020-2021 period	43
Conventional commercial bank companies that do not submit Financial Statements	(2)
The number of companies used as samples in the study	41
The total sample used in the study (41 X 2 years)	82

Table 1 above states that the number of samples obtained was 41 conventional banking companies from a population of 43 conventional banking companies in Indonesia that were listed on the IDX.

Research Variables

Table 2. Summary of Research Variables

Variable	Operational definition	Measurement	Measurement Scale
Non-Performing Loans (NPL)	Provision of credit that is experiencing problems	Percentage of non-performing loans to total loans granted. $NPL = \frac{\text{Non Performing Loan}}{\text{Total Loan}} \times 100\%$	Ratio
Net Interest Margin (NIM)	The ratio is used to measure the capability of bank management to use its productive assets to obtain net interest income.	Percentage of net interest income to average earning assets. $NIM = \frac{\text{Net Interest Income}}{\text{Productive Assets}} \times 100\%$	Ratio
Loan to Deposit Ratio (LDR)	The ratio of credit facilities to total deposits	Percentage of the total loan amount to total deposit ratio $LDR = \frac{\sum \text{Total Loans}}{\sum \text{Total Deposits}} \times 100\%$	Ratio
BOPO	The profitability ratio shows the proportion of total expenses to the Bank's total operating income.	Percentage of total operating costs Ratio to total operating income $LDR = \frac{\sum \text{Operating costs}}{\sum \text{Operating Income}} \times 100\%$	Ratio
CEO Tenure	The annual number in which the CEO has held that position in a company	Number of years the CEO has been appointed CEO Tenure $= \sum \text{the year since the CEO is appointed}$	Ratio
Return on Assets (ROA)	The ratio that shows the return (yield) of several assets used by the company	Profit before tax to total assets $ROA = \frac{\text{Profit before tax}}{\text{Total assets}} \times 100\%$	Ratio

Data Analysis Method

This research aims to examine the effect of risk management on profitability and the effect of risk management on profitability, with *CEO tenure* as a moderator variable. The data obtained in this research will be tested first to fulfil the basic assumptions before testing the hypothesis. The formed regression model is feasible to use if the classical assumption test is fulfilled. This research uses classic assumption tests for normality, autocorrelation, multicollinearity, and heteroscedasticity tests.

This research uses inferential statistical analysis, namely Moderated Regression Analysis. The data is processed, and the SPSS version 26 program is used for hypothesis testing. The moderator variable can be determined by comparing the three regression equations formed. The Moderated Regression Analysis model equation formed is:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \dots\dots\dots(1)$$

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 Z + \epsilon \dots\dots\dots(2)$$

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 Z + \beta_6 X_1 * Z + \beta_7 X_2 * Z + \beta_8 X_3 * Z + \beta_9 X_4 * Z + \epsilon \dots\dots\dots(3)$$

Where:

Y : ROA

X₁ : NPLs

X₂ : NIM

X₃ : LDR

X₄ : BOPO

Z : CEO of Tenure

X₁*Z : Interaction between NPL and CEO Tenure

X₂*Z : Interaction between NIM and CEO Tenure

X₃*Z : Interaction between LDR and CEO Tenure

X₄*Z : Interaction between BOPO and CEO Tenure

The way to determine the type of moderator variable is to check the beta value (β) or the results of the regression coefficient test. The classification of moderator variables can be seen with the following information:

Table 3. Sampling Criteria

Test results	Moderation Type
β ₅ not significant β ₆ , β ₇ , β ₈ , β, significant	Pure Moderator (pure moderation)
β ₅ significant β ₆ , β ₇ , β ₈ , β, significant	Quasi Moderator (pseudo moderation). The moderator variable can moderate the relationship between the independent and dependent variables and, at the same time, functions as an independent variable.
β ₅ significant β _{6,7,8,9} not significant	Predictor Moderator Variable (predictor moderation). The moderator variable functions as an independent variable in the established regression equation
β ₅ not significant β ₆ , β ₇ , β ₈ , β, Significant	Homologiser Moderator (potential moderator. This variable has the potential to become a moderator variable.

RESULTS AND DISCUSSION

Descriptive Statistics f

Table 4. Descriptive Statistical Analysis

	N	Minimum	Maximum	Means	std. Deviation
ROA	76	-.1475	.0431	.003349	.0284594
NPLs	76	.0000	.2227	.038722	.0329310
NIM	76	-.0352	.1352	.040761	.0247331
LDR	76	0.1235	1.6229	.814153	.2869513
BOPO	76	.5170	2.8786	.978999	.3752032
CEOTENURE	76	1.0000	14,000	4.013158	3.5345662
Valid N (listwise)	76				

The variable Return on Assets (ROA) has the smallest value of -0.1475, namely Bank Rakyat Indonesia Agroniaga and the largest is 0.0431, namely Bank Mestika Dharma Tbk, the mean is 0.0033, and the standard deviation value is 0.028. This mean figure of 0.0033 means that the average banking company in Indonesia has a return on assets value of 0.33 per cent. This condition illustrates that conventional commercial banks can still realize profits from assets managed in the 2020-2021 period. The lowest ROA value was experienced by Bank Rakyat Indonesia Agroniaga, where in December 2021 it recorded a net loss of Rp. 3.04 trillion compared to 2020, which included a net profit of Rp. 31.26 billion. While the highest value was experienced by Bank Mestika Dharma Tbk where in December 2021 it recorded a net profit of Rp. 519.58 million.

The Non-Performing Loan (NPL) variable shows the smallest value of 0.00, namely Bank Artos Indonesia Tbk and the highest is 0.22 or around 22%, namely the Regional Development Banks of West Java and Banten Tbk; the mean is 0.0387. The standard deviation value is 0.0329. This 0.0387 mean figure illustrates that the average conventional commercial Bank has a non-performing credit rate of 3.87 per cent. The average NPL value of conventional commercial banks is in good condition, and non-performing loans in conventional banks can be handled properly.

The Net Interest Margin (NIM) variable shows the lowest value of -0.0352, namely Bank Capital Indonesia, Tbk and the highest is 0.1352, namely Bank Amar Indonesia, the mean is 0.0407 and the standard deviation value is 0.0247. This mean value of 0.0407 illustrates that the average conventional commercial Bank has a level of interest income on earning assets of 4.07 per cent and can be said to be good because the NIM value is more than 2 per cent.

The Loan to Deposit Ratio (LDR) variable shows the lowest value of 0.1235, Bank Capital Indonesia, Tbk and the highest of 1.6229, Bank Woori Saudara Indonesia 1906, Tbk; the mean value is 0.814153 and the standard deviation value of is 0.287. This mean figure of 0.8141 or 81.4% illustrates that the average conventional commercial Bank has a reasonably good level of credit composition compared to the number of funds obtained. This average value shows that conventional commercial banks still have a good level of liquidity. The LDR ratio also provides an overview of banking channelling credit to the community, compared to managing funds collected from the public. A high LDR illustrates the implementation of the Bank's mediation function in lending. Banks must continue to exercise strict control over loans given, apart from being able to provide interest benefits, lending also carries the risk of contributing to losses to the company, if the loans distributed do not run smoothly or become problematic (Non-Performing Loans) because banks must reserve losses.

The Variable Operating Costs to Operating Income (BOPO) shows the smallest number of 0.5170, namely Bank Mestika Dharma Tbk and the highest is 2.878, namely Bank Rakyat Indonesia Agroniaga Tbk, the mean is 0.979, and the standard deviation is 0.375. This mean figure of 0.979 illustrates that the average conventional commercial Bank has an average close to 100%, where the BOPO value of 97.9 per cent must be a concern for banks in the future in order to reduce the BOPO ratio below 90% following the direction of the Bank Indonesia (BI).

The CEO Tenure variable that shows the lowest value is 1, there are 16 banks with this value, and the highest is 14, namely Bank OCBC NISP Tbk and Bank Artha Graha Internasional Tbk, the mean is 4.0131 and the standard deviation is 1.0233728. The mean value of 4.0131 illustrates that the average CEO has served at a conventional commercial bank for about 4 years.

Classical Assumption Test Results

Normality test

The Normality Test aims to see whether the regression model formed and whether the dependent variable (dependent) and the independent variable (independent) have a normal distribution. The regression model is good if it shows a normal or close-to-normal distribution. The study of the research model was carried out in two parts because when the first part was tested, it did not include fulfilling the normality assumption of the residuals, where the results obtained in the One-Sample Kolmogorov Smirnov test showed an asymp number. Sig (2-tailed) is less than 0.05, or the residual data from the first part of the test are generally not distributed. Not normally distributed data can be transformed to normalize data (Ghozali, 2018). The form of change made in this study is the SQRT (kx) transformation form because the histogram graph formed is moderate negative skewness.

The second stage of testing was carried out by removing 6 data classified as outlier data and then by transforming the SQRT (kx) data on the dependent variable (ROA), independent variables (NPL, NIM, LDR, BOPO) and moderator variables (CEO Tenure). The conclusion of the normality test after carrying out the data transformation can be shown in table 5.

Table 5. Kolmogorov-Smirnov Test Results

		Unstandardized Residuals
N		76
Normal Parameters ^{a, b}	Means	.0000000
	Std. Deviation	.12584370
Most Extreme Differences	absolute	.092
	Positive	.092
	Negative	-.077
Test Statistics		.092
Symp. Sig. (2-Tailed)		.176 ^c

Source: SPSS 26 output, data processing

The results of the One-Sample Kolmogorov-Smirnov test show the easy rate. Sig (2-tailed) is above 0.05 with a value of 0.176. Thus, it can be concluded that the residual data is typically distributed.

Autocorrelation Test

The model is considered free from autocorrelation if the Durbin-Watson number has a value of $du < dw < 4-du$. The results of the Durbin-Watson test can be shown in table 6.

Table 6. Durbin Watson test results

DW	DU	4-DU	Information
1,947	1,867	2,134	There is no autocorrelation

Source: SPSS 26 output, data is processed

The results of the autocorrelation test in table 6 above show that the Durbin-Watson value is 1.867. The DW value occupies a position between 2 and 4-du, so it can be stated that autocorrelation does not occur, so the regression model formed is feasible for further studies.

Multicollinearity Test

Table 7. Multicollinearity Test Results

Variable	tolerance	VIF	Conclusion
NPL	.861	1.162	There is no multicollinearity
NIM	.911	1.098	There is no multicollinearity
LDR	.839	1.191	There is no multicollinearity
BOPO	.851	1.175	There is no multicollinearity
CEO TENURE	.853	1.172	There is no multicollinearity

Source: SPSS 26 output, data processing

Table 7. mentioned above, does not show symptoms of multicollinearity. This can be shown from the VIF value < 10 and the tolerance value > 0.1 .

Heteroscedasticity Test

Table 8. Heteroscedasticity Test Results (Park Test)

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	Collinearity Tolerance	VIF Statistics
	B	std. Error					
1 (Constant)	-5,793	.285		-20.306	.000		
NPLs	.089	.313	.036	.284	.777	.826	1,211
NIM	.295	.304	.119	.969	.336	.857	1.166
LDR	.300	.311	.122	.965	.338	.810	1.235
BOPO	.589	.364	.208	1.616	.111	.786	1.273
CEOTENURE	.603	.308	.246	1.956	.054	.822	1.216

Source: SPSS 26 output, data processing

Based on table 8 above, the Park test results show that the independent variable's indicator coefficient is not significant, and the value is more than 0.05. It can be concluded that the regression model does not have heteroscedasticity.

Hypothesis Test Results

Simultaneous Significance Test Results (Ftest)

Table 9. F Test Results

Model	F	Sig
Regression 1	179.934	.000
Regression 2	150.108	.000
Regression 3	128.114	.000

Source: SPSS Output 2

Table 9 above presents the results of statistical calculations showing that the F-count value in model 1 is 179.934 with a probability of 0.000, in model 2 it is 150.108 with a probability of 0.000, and in model 3 it is 128.114 with a probability of 0.000. The probability figures in models 1, 2, and 3 are much smaller than 0.05, so it can be concluded that the fit model or regression model can be used to predict profitability or in other words, it can be said that:

- 1) NPL, NIM, LDR, and BOPO simultaneously influence profitability (ROA).
- 2) NPL, NIM, LDR, BOPO, and CEOTENURE simultaneously influence profitability (ROA).
- 3) NPL, NIM, LDR, BOPO, CEOTENURE*NPL, CEOTENURE*NIM, CEOTENURE*LDR, and CEOTENURE*BOPO all have a simultaneous effect on profitability (ROA).

Coefficient of Determination

Table 10 of the statistical processing below shows the *adjusted R square* as follows:

Table 10. Coefficient of Determination

Model	Adjust R Square
Regression 1	0.905
Regression 2	0.909
Regression 3	0.931

Source: SPSS 26 output, data processing

Table 10 above shows the coefficient of determination of the three equation models formed. In regression model 1, the *Adjusted R Square number* is 0.905. This means that 90.5% of the ROA variation can be explained by variations of the four independent variables (NPL, NIM, LDR, BOPO), while other causes explain the remaining 9.5% outside the model in this study. *Adjusted R Square* in the regression model 2 obtained a value of 0.909, which means that 90.9% of the ROA variation can be explained by variations of the five independent variables (NPL, NIM, LDR, BOPO, CEO Tenure). In comparison, the remainder is other reasons outside the model in this study, explaining 9.1 %. Regression model 3 shows the value of. *Adjusted R Square* of 0.931, where 93.1% of the variation in ROA can be explained by variations of the nine independent variables (NPL, NIM, LDR, BOPO, CEO Tenure, CEOTENURE*NPL, CEOTENURE*NIM, CEOTENURE*LDR, CEOTENURE*BOPO), while other reasons outside the model in this study explain the remaining 6.9%.

The coefficient of determination from the regression model equation 1 to regression model 3 shows a more excellent value, so it can be assumed that the presence of a moderator variable (CEO Tenure) will strengthen the effect of the NPL, NIM, LDR, and BOPO variables on financial performance (ROA).

Moderation Regression Analysis (MRA) Test Results

The results of the Moderated Regression Analysis can be seen in table 11.

Table 11. Moderation Regression Analysis Test Results

Variable		t-Count	sig
Constant	9.220	3.964	.000
NPLs	.659	1.041	.302
NIM	1.406	6.564	.000
LDR	-.360	-.675	.502
BOPO	-3.984	-5.482	.000
CEOTENURE	1.261	.802	.425
CEOTENURE*NPL	-.333	-1.086	.282
CEOTENURE*NIM	-.087	-2.237	.028
CEOTENURE*LDR	.183	.723	.472
CEOTENURE*BOPO	1.407	4.190	.000

Source: SPSS 26 output, data processing

Table 11. above shows the equation of the regression model formed, namely:

$$Y = 9.220 + 0.659 \text{ NPL} + 1.406 \text{ NIM} - 0.360 \text{ LDR} - 3.984 \text{ BOPO} + 1.261 \text{ CEOTENURE} - 0.333 \text{ CEOTENURE*NPL} - 0.087 \text{ CEOTENURE*NIM} + 0.183 \text{ CEOTENURE*LDR} + 1.407 \text{ CEOTENURE*BOPO}$$

The explanation of the regression model equation 3 above is as follows:

1. A constant of 9.220 means that if it is not influenced by the eight independent variables where all the independent variables are 0, then the ROA number will be the same, namely 9.220.
2. The NPL coefficient is 0.659 with a significance value of 0.302 and exceeds 0.05. This explains that there is no influence, and it is not significant. The coefficient value of 0.659 indicates that if the value of the NPL variable is increased by one unit, it will be able to increase ROA by 0.659 with other variables being constant.
3. The NIM coefficient is 1.406 with a significance value of 0.000 and less than 0.05. This explains that there is a positive influence, and the value is significant. The coefficient value of 1.406 indicates that if the value of the NIM variable is increased by one unit, it will be able to increase the ROA by 1.406 with other variables being constant.
4. The LDR coefficient shows the number - 0.360 with a significance value of 0.502 and exceeds 0.05. This explains that there is a negative influence but not significant. The coefficient number is - 0.360, indicating that if the LDR variable number is increased by one unit, the ROA number will decrease by 0.360 with the other variable numbers unchanged.
5. The BOPO coefficient shows the number - 3.984 with a significance value of 0.000 and less than 0.05. This explains that there is a negative and significant influence. The coefficient value of - 3.984 indicates that if the BOPO variable number is increased by one unit, the ROA number will decrease by 3.984 with the other variable numbers unchanged.
6. The CEO Tenure coefficient shows 1.261 with a significance value of 0.425 and exceeds 0.05. This explains that there is no influence, and it is not significant. The coefficient value of 1.261 indicates that if the CEO tenure variable value is increased by one unit, the ROA value will increase by 1.261 with the other variable numbers unchanged.
7. The coefficient of the moderator variable, the interaction between CEO Tenure and NPL, shows the number - 0.333 with a significance value of 0.282 and exceeds the number 0.05. This explains that there is a negative influence but not significant. The coefficient value is -0.333, indicating that if the value of this variable is increased by one unit, the ROA number will decrease by 0.333 with the other variable numbers unchanged.

8. The coefficient of moderator variable, the interaction between CEO Tenure and NIM, shows the number - 0.087 with a significance value of 0.028 and less than 0.05. This explains that there is a negative and significant influence. The coefficient value is -0.087, indicating that if the number of this variable is increased by one unit, the ROA number will decrease by 0.087 with the other variable numbers unchanged.
9. The coefficient of moderator variable, the interaction between CEO Tenure and LDR, shows the number 0.183 with a significance value of 0.472 and exceeds the number 0.05. This explains that there is no influence and is not significant. The coefficient value of 0.183 indicates that if the value of this variable is increased by one unit, the ROA number will increase by 0.183 with the other variable numbers unchanged.
10. The coefficient of moderator variable, the interaction between CEO Tenure and BOPO, shows the number 1.407 with a significance value of 0.000 and less than 0.05. This explains that there is a positive and significant influence. The coefficient value of 1.407 indicates that if the number of this variable is increased by one unit, the ROA number will increase by 1.407 with the other variable numbers unchanged.

Partial Test Results (t-test)

The interpretation of the results of the t-test in this research is as follows:

1. Effect of NPL on ROA
Non-Performing Loans (NPL) on the t-test results do not significantly affect ROA. This is shown from the t count of 0.871, where the t count is less than the t table of 1.996, and the probability obtained is 0.387 and exceeds 0.05. Thus hypothesis 1 is rejected.
2. Effect of NIM on ROA
The Net Interest Margin (NIM) on the t-test results significantly influence ROA. This is shown from the t count of 2.457, where the t count exceeds the t table of 1.996, and the probability obtained is 0.016, which is less than 0.05. Thus hypothesis 2 is accepted.
3. The Effect of LDR on ROA
The Loan to Deposit Ratio (LDR) on the t-test results has no significant effect on ROA. This is shown from the t count of 0.388, where the t count is less than the t table value of 1.996, and the probability obtained is 0.699 and exceeds 0.05. Thus hypothesis 3 is rejected.
4. Effect of BOPO on ROA
Operating Costs Operating Income (BOPO) on the results of the t-Test has a significant effect on ROA. This is shown from the t count of 23.850, where the t count exceeds the t table of 1.996, and the probability obtained is 0.000, which is less than the number 0.05. Thus hypothesis 4 is accepted.
5. Effect of CEO Tenure Moderation with NPL on ROA
CEO Tenure does not moderate NPL on ROA on the results of the t-test. This is shown from the t count of 1.086, where the t count is less than the t table value of 1.996 and the probability obtained is 0.282 and exceeds 0.05, thus hypothesis 5 is rejected. Comparing the three regression models formed in the Moderated Regression Analysis, it can be concluded that because β_5 is not significant and β_6 is not significant, CEO Tenure to NPL to ROA is a homologous moderator variable; that is, this variable has the potential to become a moderator variable.

6. Effect of CEO Tenure Moderation with NIM on ROA

CEO Tenure moderates and influences NIM on ROA on the results of the t-test. This is shown from the t count of 2,237, where the t count exceeds the t table of 1,996 and the probability obtained is 0.028, less than 0.05, thus hypothesis 6 is accepted. Comparing the three regression models formed in the Moderated Regression Analysis, it can be concluded that because β_5 is insignificant. β_7 is significant, then CEO Tenure about NIM on ROA is a pure moderator variable, namely pure moderation.

7. The Moderation Effect of CEO Tenure with LDR on ROA

CEO Tenure did not moderate LDR on ROA on the results of the t-test. This is shown from the t count of 0.723, where the t count is less than the t table value of 1.996 and the probability obtained is 0.472 and exceeds 0.05, thus hypothesis 7 is rejected. Comparing the three regression models formed in the Moderated Regression Analysis, it can be concluded that because β_5 is not significant and β_8 is not significant, CEO Tenure concerning LDR to ROA is *homologous*; that is, this variable has the potential to become a moderator variable.

8. Effect of CEO Tenure Moderation with BOPO on ROA

CEO Tenure moderates and influences BOPO on ROA on the results of the t-test. This is shown from the t count of 4.190, where the t count exceeds the t table of 1.996, and the probability obtained is 0.000, less than 0.05. Thus hypothesis 8 is accepted. Comparing the three regression models formed in the *Moderated Regression Analysis*, it can be concluded that because β_5 is insignificant. β_9 is significant, then CEO Tenure concerning BOPO to ROA is a *pure moderator variable*, namely pure moderation.

Discussion of Research Results

Effect of NPL on ROA

The results of this research show that ROA is not affected by Non-Performing Loans (NPL). This indicates that bank profitability is not sufficiently affected by non-performing loans. This result is in line with the results of previous research conducted by (Sunaryo et al., 2021), (Kidane 2020), (and Ristati et al., 2018); on the other hand, the results of this research are not the same as the results of research (Mardiansyah & Suryani, 2021), (Ansori & Safira, 2018), (Dewi & Srihandoko, 2018), (Anam, 2018) which states that there is a significant effect of credit risk (NPL) on profitability (ROA). This shows that with the increase in non-performing loans (NPL), the Bank's income and profits will decrease; thus, the ROA value will also decrease.

The NPL variable in this research does not affect ROA because NPL is not a determinant of increasing or decreasing profits earned by a bank. This shows that the increase in the NPL rate has yet to affect profits at Conventional Commercial Banks in Indonesia during the Covid-19 pandemic in 2020 and 2021, or vice versa; the decline in the NPL rate has also not affected the profit level. This can happen because the comparison of credit risk (NPL) at Conventional Commercial Banks in the research sample taken has a figure that is still maintained, namely below 5%, so it is possible that bank profits can still increase even though the NPL value has increased. This situation can also be interpreted as even though the NPL value increases, it is not necessarily capable of leaving harmful consequences for the profits obtained by the Bank. This results from the number of Allowance for Earning Assets (PPAP) that must be formed for credit that is experiencing problems

and is still at a reasonable level and can be absorbed by the Bank's profits so that it does not have an impact on profitability.

Banking performance will be maintained even though the NPL rate is relatively high, close to 5%, because banks can still get a source of income from non-credit or commonly called fee-based income (not from interest income), which includes securities, funds placed with other banks, bank capital participation in other financial institutions, shipping costs, collections, letters of credit, safe deposit boxes, credit cards, payment points (payments for safekeeping accounts), bank guarantees, foreign exchange trading, commercial paper and traveller's checks, and others - other. A small NPL also does not affect profitability because Conventional Commercial Banks have sufficient capital in accordance with OJK regulations so that the Bank's capital can handle measured credit risk.

Effect of NIM on ROA

Based on the results of this study, the results show that Net Interest Margin (NIM) influences Return on Assets (ROA). These results indicate that the difference between all interest costs and all interest income increases, which causes an increase in profit before tax, thereby increasing the value of Return on Assets (ROA). This research results follow the results of previous research (Mardiansyah & Suryani, 2021). However, they do not align with research results (Ristati et al., 2018), where Net Interest Margin (NIM) does not affect ROA.

In the banking world, Net Interest Margin (NIM) illustrates that market risks that arise due to movements in market variables can impact the profits obtained by banks. NIM is a ratio that shows the net interest income earned by a bank as a result of the Bank's ability to manage its productive assets. Interest income minus interest costs will result in net interest income. Assets said to be productive are assets that can provide interest, such as securities instruments and loans extended to debtors by banks. The ratio of NIM, which is getting bigger, will increase the interest income from productive assets managed by the Bank. Thus, it may affect the value of the Bank's ROA in a better direction.

The results of this study explain that market risk, in this case, NIM, still affects bank profitability (ROA) even though economic conditions are affected by the Covid-19 pandemic. Conventional Commercial Banks must maintain the NIM level to maintain good financial performance.

The effect of LDR on ROA

The research results show that the Loan Deposit Ratio (LDR) does not affect Return on Assets (ROA). This result contradicts the results of research conducted by (Reviyana & Wuryanti, 2016), (Ristati et al., 2018) and (Prasetyo & Darmayanti, 2015), which shows liquidity risk (LDR) significantly affect bank profitability (ROA). Increasing the amount of credit given will increase the income received by the Bank.

The results of this research are the same as the results of research carried out previously by (Sunaryo et al., 2021). LDR does not affect bank profits (ROA); this shows that an increase or decrease in commercial bank liquidity does not affect bank profits. This result may occur because the Bank wants to decide on something other than a lower or higher LDR value and maintains it at a measurable level.

Liquidity risk must be appropriately controlled by banks. However, the effectiveness of banks in channelling credit can be seen from the LDR value; each Bank internally has its policy considering

economic conditions, funds raised, etc. The risk of bank liquidity will increase when the Bank's LDR value is above the standard, but on the other hand, the Bank has potential benefits to be gained if the LDR value is relatively high, namely increased profitability, if credit is given effectively and there are no excessive bad loans. The quality of the loans disbursed is good and carried out carefully. Considering that the average banking LDR value is still within the normal range and the NPL ratio is still quite good, in this condition, the Bank's profitability (ROA) is not affected by LDR.

Effect of BOPO on ROA

The research results show that Operational Income Operating Costs (BOPO) negatively and significantly affect Return on Assets. The results of this research are the same as the results of research conducted by (Sukma et al., 2019), where operational risk (BOPO) has a significant negative effect on profitability (ROA). BOPO has a negative effect in that if BOPO increases, it indicates a decreased efficiency level, so profitability (ROA) will also decrease. This is because the income earned by the Bank is influenced by the amount of efficiency that the Bank makes in carrying out its operations. The better the efficiency of a bank, the Bank's performance will improve, and profits can be maintained within a reasonable range.

Research results show results that are different from those carried out by (Reviyana & Wuryanti, 2016), (and Ristati et al., 2018), where operational risk (BOPO) has a significantly positive effect on bank profitability (ROA). This shows that the increase in operational costs incurred by banks causes the Bank's ability to obtain profits to increase; in other words, banks can manage costs at a high level and are expected to generate greater profits.

ROA is negatively affected by BOPO, indicating that the higher the BOPO value, that is, by incurring costs, the Bank will reduce the profitability it will obtain. This is understandable because high operational costs will burden profits in carrying out its intermediary function. The Bank's operating income cannot cover high operational costs. This can happen because the BOPO value, which has increased, indicates increased operational costs, so a bank can be influential if it can control these costs. Efficient operational costs will increase profit (profit). Various innovations can be made to increase efficiency including making changes with the help of information technology to be able to make various kinds of savings, with the aim of employee and company performance remaining productive, with controlled costs.

CEO Tenure cannot Moderate NPL against ROA

The results of this study show that CEO Tenure cannot moderate the effect of NPL on ROA. This is possible because the external factors that affect NPL are more significant than the CEO's power in the Bank's internal processes. The activity of extending credit to the public is the duty of banking. Non-performing loans must always be closely monitored and supervised in handling and solving them. Many factors influence the occurrence of non-performing loans, including current economic conditions (pandemic), which are not factors that bank, including management, can control. In 2020 and 2021, the economy will be significantly affected by the many restrictions on the movement of individuals and communities, so these factors will very dominantly affect economic activities and impact the company's ability to generate profits to pay the Bank's obligations. The economy is slowing down and companies must prioritize internal costs, weakening the ability to make payments to banks and increasing the percentage of non-performing loans during a crisis.

CEO Tenure can Moderate NIM on ROA

The results of this research show that CEO Tenure can moderate the effect of NIM on ROA. These results also show that CEO Tenure can strengthen the link between NIM and bank profitability. The CEO, as the captain who is responsible for the company's performance, will try his best so that the company's financial performance runs optimally and what is ensured that the Bank he leads must continue to generate profits by first ensuring that interest income remains high-quality and market challenges and economic fluctuations. High, but the CEO will ensure that market risk can be handled properly so that the Bank's financial performance continues to be handled correctly and through the Covid-19 pandemic. Tremendous pressure occurred when the Covid 19 pandemic began; many sectors were affected, causing banks to provide various kinds of relief for debtors, resulting in decreased and depressed net interest income.

CEO Tenure cannot Moderate LDR against LOA

This research shows that CEO Tenure cannot moderate the effect of LDR on ROA. The Loan Deposit Ratio compares the value of the loans disbursed by the Bank with the funds deposited by third parties or the public collected by the Bank. The ideal conditions for the LDR value for each Bank will vary. However, with good policies, lending to the community should increase the company's performance in terms of profitability, provided that the credit released to the public is manageable and smooth in paying obligations to the Bank (principal and interest according to the agreement).

LDR in this research does not affect bank profit performance, so in testing the CEO Tenure variable as a moderator factor, it also has the same result. Namely, it has no effect where the CEO Tenure cannot moderate the LDR variable. Several previous studies had effective results, and some had no effect, so this test still follows previous studies.

CEO Tenure can Moderate BOPO against ROA

This research shows that CEO Tenure can moderate the effect of BOPO on ROA. Tests with the results of a significant negative influence in this study illustrate that if BOPO increases, bank profitability (ROA) will decrease. However, conversely, if BOPO decreases, ROA will increase. CEO tenure has proven to have a role in strengthening the relationship.

The Covid 19 pandemic must be addressed by management, especially the CEO, in the BOPO policy that will be taken to get through the crisis. A good and efficient BOPO will affect a bank's ability to generate profits. Relatively high operating expenses compared to banking performance can reduce bank profits and ROA. Banks are required to make improvements in cost efficiency in order to achieve sustainable profitability. Conditions from 2020 to 2021, where the economy is still overshadowed by the recovery process from the pandemic, have caused many businesses to fail and close. Banks in this condition are also required to make improvements and work processes that are more effective so that the pressure on interest income (NIM) can be balanced with various savings in terms of costs so that banks can still maintain profits.

CONCLUSION

The results of this research indicate several things that can be concluded based on this research. NPL has a positive effect, and its value is not significant to the Return on Assets of conventional commercial banks. NIM has a positive influence and a significant value on the ROA of

conventional commercial banks. LDR has a negative effect, and its value is not significant to the Return on Assets of conventional commercial banks. BOPO has a negative and significant impact on conventional commercial bank ROA. CEO Tenure is unable to moderate the NPL causality relationship to conventional commercial bank ROA. CEO Tenure can moderate the causality relationship between NIM and ROA for conventional commercial banks. CEO Tenure could not moderate the causal relationship between LDR and conventional commercial bank ROA. CEO Tenure can moderate the causality relationship between BOPO and conventional commercial bank ROA.

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