CHAPTER V

CONCLUSIONS AND IMPLICATIONS

A. Conclusion

Based on the results of the analysis, it can be concluded that simultaneously the variables of NPL, CAR, LDR, and BOPO have an effect on ROA. Partially, it can be concluded that:

1. The NPL variable has no effect on Return on Assets (ROA) of BPR BKK in Central Java during the 2018-2021 period. This condition provides findings that in general, the ability of BPR BKK in Central Java to generate profits is not influenced by the high and low of existing non-performing loans.
2. The CAR variable has no effect on the Return on Assets (ROA) of BPR BKK in Central Java during the 2018-2021 period. These results show that the ability of the BPR to generate profits from its managed assets is not directly determined by the obligation to provide minimum capital.
3. The LDR variable has no effect on the Return on Assets (ROA of BPR BKK in Central Java during the 2018-2021 period. This condition shows that the liquidity of a rural bank is not a guarantee in increasing the ability of BPR BKK in Central Java to generate profits.
4. The BOPO variable negatively affects the Return on Assets (ROA) of BPR BKK in Central Java during the 2018-2021 period. It means that an increasing of BOPO variable will decrease ROA Variable.

B. **Implication**

The results of this study have implications for BPR BKK in Central Java that in economic uncertainty, one of the most important things is to make cost efficiencies so that BPR can maintain profits. The statistical results show that the ratio of operating expense of operating income that is well managed, and not higher than 94 percent, is proven to make the profit level of BPR BKK in Central Java still in a high category, even though the level of bad debts is in poor condition. To keep profits positive, in addition to increasing revenue, cost efficiency factors are also an important strategy to be applied in rural banks.

Based on observations on the financial statements of BPR BKK in Central Java, the largest component of operational costs is for administrative and general costs, namely the allocation is more than 50 percent, then the cost of Allowance for Elimination of Earning Assets. Therefore, management needs to focus on efficiency in these components. BPR management needs to conduct a thorough study of the components of general and administrative costs that can still be reduced by cost.

The management of BPR BKK in Central Java also needs to improve credit quality by conducting a strict assessment of prospective customers by implementing a 5C assessment. This is expected to minimize the potential for bad loans that may be borne by the company, so that the amount or nominal

allowance for the write-off of productive assets can also be minimized which in turn makes operational costs more efficient.

C. Limitation and Future Research Agenda

This study was only conducted on BPR BKK in Central Java Province, which incidentally is owned by the local government, so the generalization is limited. To obtain strengthening generalizations, it is necessary to conduct comparative studies on non-BKK or other private BPRs in different provinces or with a wider population scope, so that it is hoped that they can provide strong conclusions and basic generalizations. In addition, out of the 4 hypotheses proposed, only one hypothesis was confirmed, thus giving rise to a recommendation to build a more comprehensive model of the variables that affect the profitability of a BPR. Further research can add variables of asset growth and income diversification as has been done by Ahamed (2017).