V. CONCLUSIONS AND IMPLICATIONS

A. Conclusions

Credit is a business that currently dominates bank activities so that each Bank always tries to obtain optimal funds to extend credit because credit is also the main source of income for banks. The bank's own capital as well as funds from third parties in the form of savings, time deposits, and demand deposits are the sources of funds used for lending. The greater the amount of credit given, the greater the profit that bank will get. After the credit is given, later the bank will get additional income from the interest paid by the credit borrower. This interest income will increase the bank's capital or can be used for bank operational costs.

This study aims to analyze the effect of Loan to Deposit Ratio, Non Performing Loans, and Capital Adequacy Ratio on Return on Assets with Net Interest Margin as mediation for digital banking companies listed on the Indonesian stock exchange. From the results of the analysis above, it can be concluded as follows.

1. Loan to Deposit Ratio has a positive effect on Return on Assets.
2. Loan to Deposit Ratio has a positive effect on Net Interest Margin.
3. Net Interest Margin has a positive effect on Return on Assets.
4. Net Interest Margin is able to mediate the effect of Loan to Deposit Ratio on Return on Assets.
5. Non Performing Loan has no significant effect on Return on Assets.
6. Capital Adequacy Ratio has a negative effect on Return on Assets.

B. Implications

1. Theoretical Implications

a. The findings of the positive influence of Loan to Deposit (LDR) on Return on Assets (ROA), meaning that the higher the Loan to Deposit (LDR), the higher the value of Return on Assets (ROA). This is the higher the credit, the higher the profitability. Hypothesis 1 is accepted. The results of this study support research conducted by Samad (2015), Vodova (2012), Hardiyanti et al. (2016), Harun (2016) with research results stated that the Loan to Deposit Ratio has a positive effect on Return on Assets.

b. The finding of the positive influence of Loan to Deposit (LDR) on the Net Interest Margin (NIM), means that the higher the Loan to Deposit (LDR), the higher the value of the Net Interest Margin (NIM). This is the higher the credit, the higher the interest income. Hypothesis 2 is accepted. The results of this study support research conducted by Angbazo (1997), Buyuksalvarci and Abdioglu (2006), Vodova (2012), Hardiyanti et al. (2016) with research results stating that the Loan to Deposit Ratio has a positive effect on Net Interest Margin.

c. The findings of the positive effect of Net Interest Margin (NIM) on Return on Assets (ROA), meaning that the higher the Net Interest Margin (NIM), the higher the value of Return on Assets (ROA). This is the higher the interest income, the higher the profitability. Hypothesis 3 is accepted. The results of this study support the research conducted by Hardiyanti et al.

(2016), Silaban (2017), and Pranowo et al. (2020) shows a positive effect of Net Interest Margin on Return on Assets.

d. Net Interest Margin (NIM) findings are able to mediate the effect of Loan to Deposit Ratio (LDR) on Return on Assets (ROA). Hypothesis 4 is accepted. The results of this study support research conducted by Vodova, (2012), Hardiyanti et al. (2016), Anindiansyah et al (2020), and Farhanditya and Mawardi (2021).

2. Practical Implications

a. The results of the study show that the Loan to Deposit Ratio (LDR) has a positive effect on Profitability (ROA). The implication for digital bank companies is that digital bank companies prioritize loans in an effort to increase the profitability of digital banks. Meanwhile, the Loan to Deposit Ratio (LDR) has a positive effect on the Net Interest Margin (NIM). Efforts that can be made by digital banking companies to increase Net Interest Margin (NIM), namely by making credit loans from third party funds. Thus, the interest income of digital bank companies will increase.

b. The results of the study state that the Net Interest Margin (NIM) is able to mediate the influence of the Loan to Deposit Ratio (LDR) on Profitability (ROA) in its application to digital bank sub-sector companies. The use of a Loan to Deposit Ratio (LDR) that is too high can increase the risks faced and can even harm the company. The results of the study state that the Net Interest Margin (NIM) has a positive effect on Profitability (ROA). The implication for digital bank companies is that digital bank companies prioritize interest on loans given in an effort to increase the profitability of digital banks.

c. Investors can pay more attention to lending and capital to digital banking companies to consider and invest their funds in the right companies. Because the main business of the bank is lending which can increase bank profitability.

C. Research Limitations

1. In this study, there are 7 companies in the digital banking sub-sector. Suggestions for further research are to increase the number of research samples so as to increase the validity of research results, reduce error rates and strengthen conclusions.
2. This research only has 3 independent variables, namely Loan to Deposit Ratio, Non Performing Loans, and Capital Adequacy Ratio. Suggestions for further research, to be able to add other variables that affect profitability (ROA), both from internal factors and external factors.
3. The observation period used in this study is relatively short, namely only 4 years, namely the period from 2019 to third quarter of 2022. Suggestions for further research are to increase the observation period so as to obtain a larger sample.
4. The research object used is the digital bank sub-sector company. Suggestions for further research are to examine different research objects such as state-owned, private, and sharia bank companies listed on the Indonesian Stock Exchange so as to obtain a larger sample.