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The Influence of Non-Performing Financing, Minimum Statutory Reserve, and Inflation on Return on Assets of PT BTPN Syariah

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Abstract

This research analyzes the influence of Non-Performing Financing, Minimum Statutory Reserves, and Inflation on the Return On Assets of PT Bank Tabungan Pensiunan Nasional Syariah for 2015 - 2023. The novelty of this research is using the ARDL (Autoregressive Distributed Lag) mode regression test method for the Time Series data and analyzing the influence of GWM. This research is a quantitative type of research using secondary data. Sampling was carried out using a purposive sampling method. With a sample of quarterly reports for 2015 to 2023, PT Bank BTPN Syariah. Collecting research data uses documentation studies. The data analysis technique in this research uses the ARDL (Autoregressive Distributed Lag) method. The research results show that short-term and long-term NPF has a significant negative effect on ROA. The GWM and Inflation variables in the short and long term do not significantly negatively affect ROA.

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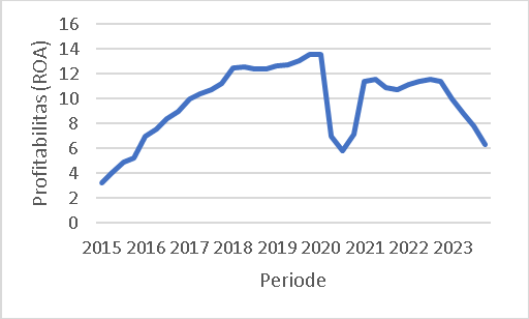
INTRODUCTION

Banking, especially commercial banks, is a financial institution that plays a role in economic and trade activities for the country's economic development. Law number 10 of 1998 banks have the function of collecting public funds in the form of savings and channeling them in the form of loans to improve the standard of living of many people. Banks are divided into conventional and sharia banks (Kasmir, 2015). Bank Tabungan Pensiunan Nasional Syariah Tbk is

a Sharia commercial bank founded from UUS Bank BTPN's spin-off and the friendly bank's acquisition and conversion. Bank BTPN Syariah is a bank that focuses on bank financing for inclusive communities.

The aim of establishing a company is to obtain large profits to improve the welfare of the owners, employees, and product quality. Profits can be obtained from sales of products or services and investments (Kasmir, 2014). The profit size can be measured by assessing the Return On Asset (ROA) ratio. The ROA ratio describes the amount of contribution of assets in generating net profit (Dendawijaya, 2009). ROA growth at BTPN Syariah Bank can be seen as follows:



Source: Quarterly Financial Report of PT Bank BTPN Syariah Tbk

Figure 1 Growth in Return on Assets

Figure 1 illustrates the growth of the ROA (Return On Asset) ratio of the National Sharia Pension Savings Bank from 2015 to 2023. From this figure, ROA from 2015 to early 2020 experienced a continuous increase. However, in 2020 quarter 2, ROA experienced a sharp decline and continued in the third quarter of 2020 ROA experienced a decline. This is possible due to the occurrence of Covid-19, which has an impact on all economic sectors, one of which is banking. In the 4th quarter, ROA began to increase; banks may have made policies to overcome the decline in company profits. Ascension continues until 2022, period 4. However, starting from the beginning of 2023, in the first quarter report, ROA experienced a continuous decline until the fourth quarter of 2023. The rise and fall of ROA is a normal thing in business, but this must be paid attention to to maintain the stability of the bank's performance. A high ROA value indicates the bank's financial performance in managing its assets well. If ROA increases, it indicates that the company's profitability has increased, thus having an impact on the welfare of owners, shareholders, and employees (Dendawijaya, 2009).

ROA describes the bank's ability to manage funds invested in all assets that produce profits. ROA describes the bank's productivity in managing finances so that the bank generates profits (Muhammad, 2014). A high ROA shows the more significant profit or profits the bank obtains. As well as showing the better position of the bank in terms of utilizing its assets to generate profits. The high Return on assets managed by the bank shows that the net profit generated from each rupiah of funds embedded in total assets is also higher (Hery, 2016). Factors that influence bank efforts to generate profits. Divided into two, namely external factors and

external factors internal. External factors influencing bank business include economic conditions such as inflation and Bank Indonesia regulations such as the GWM. Meanwhile, the internal factor influencing bank business is the Bank's Business Reputation (Rival & Arifin, 2010). This business reputation can be in the form of bank performance in the form of capital aspects asset quality, proxied by Non-Performing Financing. (NPF) and operational efficiency (Ardana, 2018). The following will explain the growth in financial performance of PT Bank BTPN Syariah.

One factor influencing ROA is Non-performing financing (NPF). NPF is a ratio used to measure the level of problematic financing faced by banks. NPF is non-current financing or financing where the debtor violates the agreement, for example, the requirements for taking the loan principal, increasing the deposit margin, binding, and increasing the amount (Muhammad, 2014). A high NPF indicates that problems arise in the financing provided by the bank, such as problems in liquidity (inability to pay third parties), profitability (financing cannot be collected), and solvency (reduced capital). A higher NPF ratio indicates poor bank credit quality, where the number of problem loans is large, so the bank has to bear losses in its operational activities. This affects banks' decreasing profits (ROA) (Dendawijaya, 2009). Kasmir also explained that the large number of problematic financing causes banks to bear losses from credit operations, which will result in a decrease in profits generated by the bank and a decrease in the ROA ratio percentage (Kasmir, 2018). The three qualities of financing included in the NPF are quality substandard, the quality of financing is doubtful, and the quality of credit financing is bad (Fahmi, 2011).

Minimum Statutory Reserve (GWM) is also a factor that influences bank profitability. Minimum Statutory Reserve, or what is often called Legal Reserve Requirement, is a mandatory minimum deposit that must be maintained as a current account with Bank Indonesia that applies to all existing banks (Dendawijaya, 2009). Bank Indonesia Regulation No. 12/19/PBI/2010 explains that GWM is the minimum amount of funds Banks must maintain, determined by Bank Indonesia at a certain percentage of TPF. If the number of deposits is large, the GWM that the Sharia Bank will submit to Bank Indonesia may also have to be high. High deposits for banks allow a lot of funds to be inactive, thus affecting the bank's ability to maximize and utilize funds for its operations to obtain large amounts of income(Pohan, 2008).

Another factor that influences bank profitability is inflation. Inflation is a general increase in commodity prices caused by a lack of synchronization between the commodity procurement system program (production, pricing, money printing, etc.) and the level of income the community owns. Inflation is not a problem if this situation is accompanied by maintaining sufficient quantities of the commodities needed and an increase in income levels more significant than the inflation percent (purchasing power increases more excellent than the inflation rate). However, suppose the production costs to produce commodities are increasing, causing the selling price to be high. On the other hand, the level of people's income is relatively constant. In that case, this inflation will become dangerous if this happens for a long time and continuously with the portion being inversely proportional to the level of inflation. Income (Putong, 2013). If

inflation is severe and uncontrolled (hyperinflation), the economic situation will become chaotic, and the economy will feel sluggish. If a country experiences high inflation, it will cause consumption to rise, affecting saving and financing patterns in society. These changes will impact the operational activities of Sharia banks. The amount of funds collected from the public will decrease, affecting Sharia banks' performance in generating income and generating profits (Sukirno, 2006).

Many previous studies analyzed the influence of NPF, GWM, and inflation on ROA, such as Nurlaili's research, which showed that NPF had a significant negative effect on ROA (Nurlaili, 2022), which was different from the results of Selviana's research which stated that NPF had no significant negative effect on ROA (Selviana, 2021). Research conducted by Anggraeni and Sianah stated that GWM significantly negatively affected ROA (Anggraeni & Siahaan, 2021). In contrast, research conducted by Elvira Hurriyani stated that GWM had no significant negative effect on ROA (Elvira et al., 2020). Research conducted by Harumni Puspa Anuraga and Rafidah Nur Aini Fadillah states that inflation has a significant negative effect on ROA(Anuraga, Harumni Puspa, Rafidah, 2023). In comparison, research conducted by Nanda Nur Aini Fadilah shows that inflation has no negative effect on ROA(Fadillah & Paramita, 2021).

The differences in the research results above show that there are still inconsistencies in the research results on the influence of NPF, GWM, and Inflation on ROA. So, this research aims to analyze the influence of NPF, GWM, and Inflation on ROA at Bank BTPN Syariah.

RESEARCH METHODS

This type of research is quantitative research with an associative nature to determine the relationship between the independent variable and the dependent variable. This research was conducted at PT Bank Tabungan Pensiunan Nasional to analyze the influence of the NPF, GWM, and Inflation variables on ROA. This research uses the financial reports of PT Bank BTPN Syariah as a population. The sample was taken using a purposive sampling technique, so it was decided that the sample taken was the quarterly financial reports from 2015 to 2023. This research includes secondary data or data collected and processed by other parties, usually in publications (Sugiyono, 2013). Research data was obtained from bank publication reports on the website www.btpnsyariah.com, which is the website of Bank BTPN Syariah. Data processing in this research uses the ARDL (Autoregressive Distributed Lag) method. The ARDL model is a regression used on Time Series data with different levels of stationarity and cointegration between variables. This model is dynamic in econometrics. The ARDL model can see the influence of dependent and independent variables over time, including the influence of dependent variables from the past on current dependent values (Widarjono, 2017).

The hypothesis used in this research is as follows:

1. NPF hypothesis on ROA

   H_{a1} : NPF significantly negatively affects BTPN Syariah's ROA in the long term.

H_{a2} : NPF significantly negatively affects BTPN Syariah's ROA in the short term.

2. GWM hypothesis on ROA

H_{a3} : GWM significantly negatively affects BTPN Syariah's ROA in the long term.

H_{a4} : GWM significantly negatively affects BTPN Syariah's ROA in the short term.

3. Inflation hypothesis on ROA

H_{a5} : Inflation significantly negatively affects BTPN Syariah's ROA in the long term.

H_{a6} : Inflation significantly negatively affects BTPN Syariah's ROA in the short term.

RESULTS AND DISCUSSION

This research uses the e-views version 12 application to process data. The results and sequence of data processing are as follows:

Descriptive statistics

Table 2 Descriptive Statistics

	ROA (%)	NPF (%)	GWM (%)	INFLATION (%)
N	34	34	34	34
Mean	9.910588	1.877353	4.963529	3.534118
Median	10.80000	1.670000	5.500000	3.315000
maximum	13.58000	3.020000	6.450000	7.260000
Minimum	3.210000	1.180000	3.100000	1.330000
Std. Dev	2.833315	0.594787	1.045054	1.488357

Table 2 shows that the dependent variable ROA at BTPN Syariah Bank has a minimum value of 3.2%. The maximum value obtained by BTPN Syariah Bank is 13.5%. The average value of descriptive testing on the ROA variable is 9.91%. The test results show the maximum value of NPF is 3.02%. The minimum value of the NPF variable is 1.18%. The average NPF value is 1.87%. The GWM variable has a maximum value of 6.4%. The minimum value of the GWM variable is 3.1%.

Meanwhile, the average GWM value in the research period was 4.9%. The inflation variable shows a maximum value of 7.2%. The minimum value of the Inflation variable is 1.3%. The average value of the inflation rate in the research period was 3.53%.

Data Stationarity Test

Table 3 Stationary Test Results

Variable	Stationary Level	Stationary First difference
ROA	0.0271	0.0000
NPF	0.9036	0.0000
GWM	0.3858	0.0001
INFLATION	0.0654	0.0004

Source: Secondary Data Processing Using Eviews 12.

The data stationarity test in this study used the unit root test or the Augmented Dickey-Fuller (ADF) Unit Root Test. Based on Table 2, it can be seen that the ROA variable is stationary at level level. This is because the ADF ROA prob value is 0.027, less than the significant value of 0.05. Meanwhile, the NPF, GWM, and Inflation variables are stationary at the first difference level because the prob values of NPF, GWM, and Inflation are more than the significant value of 0.05 at the level level and less than 0.05 at the first difference level.

Cointegration Test (Cointegrating Bound)

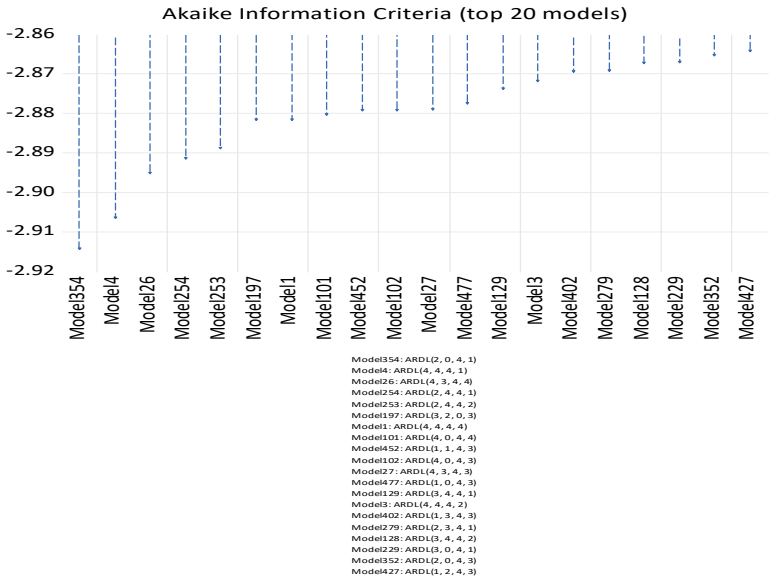
Table 4 Cointegration Test Results

Statistical Tests	**Value**	**K**
F -Statistics	4.757032	3
	Critical Value Bounds	
Significance	**I(0) Bound**	**I(1) Bound**
10%	2.676	3.586
5%	3.272	4.302
1%	4.614	5.966

Source: Secondary Data Processing Using Eviews 12

Table 4 shows that the F- Statistics value in the model is 4.75, more significant than the critical value of I1 Bound (upper bound) at the 5% level, which is 4.302. Thus, it is concluded that H0 is rejected, which means there is cointegration, balance, or long-term stability between the research variables.

Optimum Lag Test

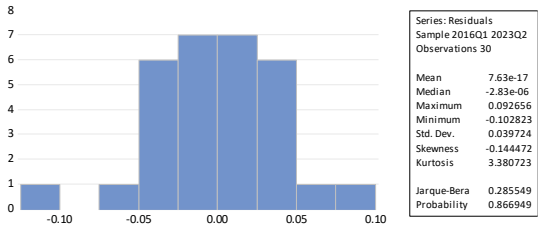


Source: Secondary Data Processing Using Eviews 12.

Figure 2 Optimum Lag test results

Optimum Lag is determined by looking at the Akaike Information Criterion (AIC) information. Based on Figure 2, it is known that the Lag selected in this study is Lag (2,0,4,1). This means that from Lag (2,0,4,1), number 2 shows that the ROA variable has an Optimum lag at lag 2. Number 0 shows the Optimum Lag for the NPF variable at lag 0. Number 4 shows that the Optimum Lag of the GWM variable is at lag 4. Figure 1 is the Optimum Lag of the Inflation variable at Lag 1.

Classic assumption test



Source: Secondary Data Processing Using Eviews 12.

Figure 3 Normality Test Results

Figure 3 shows that the probability value of 0.866949 is more than 0.05, so it can be concluded that the ARDL model residuals are normally distributed.

Table 5 Autocorrelation Test Results

F-statistic	0.727248	Prob. F(2,17)	0.4977
Obs*R-squared	2.364458	Prob. Chi-Square(2)	0.3066

Source: Secondary Data Processing Using Eviews 12.

Table 6 Heteroscedasticity Test Results

F-statistic	0.644531	Prob. F(10,19)	0.7591
Obs*R-squared	7.599017	Prob. Chi-Square(10)	0.6679
Scaled explained SS	7.661575	Prob. Chi-Square(10)	0.6619

Source: Secondary Data Processing Using Eviews 12.

Table 5 shows that the chi-square prob value is 0.3066, which is greater than 0.05, so it can be concluded that the data in the model does not have cases of autocorrelation. Table 6 shows the prob value of the chi-square is 0.6679. Because the chi-square prob value of 0.6679 is more significant than 0.05, it is concluded that the data in the model does not have heteroscedasticity.

Table 7 shows that the variance inflation factor (VIF) value of each variable shows a value below 10. So, it is concluded that the data in the regression model does not contain symptoms of multicollinearity, so the assumption of non-multicollinearity is fulfilled.

Table 7 Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
ROA(-1)	0.030650	397.6621	3.633631
ROA(-2)	0.023661	303.8407	3.691986
NPF	0.012801	14.16260	2.623763
GWM	0.036164	211.2891	4.960654
GWM(-1)	0.048555	283.5838	6.651928
GWM(-2)	0.056392	326.8487	7.403518
GWM(-3)	0.051962	300.2250	6.719707
GWM(-4)	0.038008	219.3171	4.880265
INFLASI	0.011007	34.96978	3.551112
INFLASI(-1)	0.013131	42.27419	4.224906
C	0.027159	338.2839	NA

Source: Secondary Data Processing Using Eviews 12.

Autoregressive Distributed Lag (ARDL) Estimation

The results of the bound test in this study show an F-statistic value of 4.75, which is greater than the critical values I1(Bound) and I0(Bound), which are 4.302 and 3.272. This can mean a long-term balance or stability between the research variables. The long-term and short-term relationship test results can be seen in Tables 8 and 9.

Analysis of test results is carried out by comparing t-statistics with t-tables. The t-table value can be determined by looking at the number of independent variables with a significant level. The total data in this study was 34; then adjustments occurred so that the data became 30. The number of variables estimated was DF = 30-11 = 19 independent variables. There are 19 independent variables with a significance level of 0.05(5%), so the t-table value is -1.729.

Table 4 Long-Term Test Results

Case 2: Restricted Constant and No Trend

Variable	Coefficient	Std. Error	t-Statistic	Prob.
NPF	-1.539185	0.519086	-2.965180	0.0080
GWM	-0.625549	0.384426	-1.627230	0.1202
INFLASI	-0.341610	0.403797	-0.845994	0.4081
C	2.033348	0.303659	6.696155	0.0000

Source: Secondary Data Processing Using Eviews 12

Long run equation model:

ROA = 2.033348 -1.539185*NPF -0.625549*GWM -0.341610*INFLATION +EC

The results of the long-term estimation using the ARDL model can be described as follows:

a) The non-performing Financing (NPF) variable shows a negative coefficient value. It has a t-statistic value of -2.965180, less than the t-table (-1.729) or the NPF probability value of

0.0080 is less than 0.05, so reject H_{01} accept $H_{a1,}$ which means that NPF in the long term has a significant negative effect on the Return on assets of Bank BTPN Syariah for the period 2015 to 2023. The coefficient value of -1.539 indicates that if NPF increases by 1%, ROA will decrease by 1.539%, assuming other variables remain constant or do not change.

b) The Minimum Statutory Reserve (GWM) variable shows a coefficient value with a negative sign. It has a t-statistic value of -1.627, greater than the t-table (-1.729), or the GWM probability value of 0.1202 is more than 0.05. Hence, it accepts $H_{03,}$ which means GWM, in the long term, does not have a significant negative effect on the Return on assets of Bank BTPN Syariah for the period 2015 to 2023.

c) The Inflation variable shows a negative coefficient value. It has a t-statistic value of -0.845, greater than the t-table (-1.729), or an Inflation probability value of 0.4081, more than 0.05. Hence, it accepts $H_{05,}$ which means that Inflation in the long term has no significant negative impact on the Return on assets of Bank BTPN Syariah for the period 2015 to 2023.

From the test variables with the ARDL model, it can be concluded that only the NPF variable significantly negatively affects ROA. In contrast, the GWM and inflation variables do not significantly negatively affect ROA.

Table 4 Short-Term Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.542610	0.164801	3.292526	0.0038
ROA(-1)*	-0.266856	0.102804	-2.595768	0.0177
NPF**	-0.410740	0.113143	-3.630259	0.0018
GWM(-1)	-0.166931	0.151516	-1.101741	0.2843
INFLASI(-1)	-0.091161	0.100004	-0.911573	0.3734
D(ROA(-1))	-0.257890	0.153821	-1.676553	0.1100
D(GWM)	0.301138	0.190169	1.583525	0.1298
D(GWM(-1))	0.111387	0.222368	0.500915	0.6222
D(GWM(-2))	0.358593	0.212664	1.686194	0.1081
D(GWM(-3))	0.534638	0.194957	2.742334	0.0129
D(INFLASI)	0.143296	0.104915	1.365831	0.1879

Source: Secondary Data Processing Using Eviews 12

Term equation model:

ROA =0.542610-(0.66856* ROA(-1) -0.410740*NPF-0.166931*GWM(-1)
-0.091161*INFLATION(-1)-0.257890D(R0A(- 1))+0.301138*D(GWM)
+0.111387*D(GWM(-1))+0.358593*D(GWM(-2))+0.534638*D(GWM(-3))
+0.143296*D(INFLATION).

The short-term estimation results using the ARDL model can be described as follows:

a) In the short term, the non-performing Financing (NPF) variable shows a negative coefficient

value. It has a t-statistic value of -3.630259 less than the t-table (-1.729) or an NPF profitability value of 0.0018 less than 0.05, so reject $H_{02,}$ which means that NPF has a significant negative effect on Return on assets of Bank BTPN Syariah for the period 2015 to 2023 in the short term. The coefficient value of -0.410740 indicates that if NPF increases by 1%, ROA will decrease by 0.410740%, assuming other variables remain constant or do not change.

b) The Minimum Statutory Reserve (GWM) variable shows a negative coefficient. It has a t-statistical value at GWM lag-1 of -1.101741, which is greater than the t-table (-1.729) or the probability of 0.2843 is less than 0.05 so accept $H_{04,}$ which means that GWM does not have a significant negative effect on Return on assets of Bank BTPN Syariah for the period 2015 to 2023 in the short term. In the periods D(GWM)t, D(GWM)t-1, and D(GWM)t-2, the GWM variable does not have a negative and significant relationship with ROA. This is because the GWM for that period shows a positive coefficient and has a period t value of D(GWM)t is 1.5835525 ; D(GWM)t-2 is 0.500915 ; D(GWM)t-2 is 1.686194, all of which are more than the t-table (-1.729) or probability D(GWM)t is 0.1298; D(GWM)t-1 is 0.6222; D(GWM)t-2 is 0.1081 less than 0.05 so it can be concluded that H_{04} is rejected, which means that GWM in that period does not have a significant negative effect on Return on assets of Bank BTPN Syariah for the period 2015 to 2023 in the short term. In period D(GWM), t-3 shows a positive coefficient with a calculated t value of 2.742334 less than t table (-1.729) and a probability value of 0.01629 less than 0.05 where we accept H_{04} which means GWM has no significant negative effect on ROA of banks.

c) Short-term test results for the inflation variable in the inflation lag 1 period show a negative value and a t-statistical value of -0.911573 is greater than the t-table (-1.729) or the probability of 0.3734 is less than 0.05, so accept $H_{06,}$ which means that inflation has no significant negative effect on Return on assets of Bank BTPN Syariah for the period 2015 to 2023 in the short term. Inflation in period D (Inflation) does not significantly negatively affect ROA. Due to the t-statistic value in this period was 1.365831 greater than the t-table (-1.729) or a probability of 0.1879 greater than 0.05 and a positive coefficient value.

The Effect of Non-Performing Financing on Return on Assets

The test of the short-term and long-term relationship of the NPF variable shows that NPF has a significant negative relationship with ROA. This result aligns with the existing theory that the greater the NPF value will reduce the profits/profitability obtained by Islamic banks (Ismail, 2011). An unreasonable NPF ratio value results in the loss of the opportunity to earn income or income from credit distributed by the bank to debtors, thereby reducing profits and having a negative effect on profitability. The significant NPF value can be caused by loan funds that cannot be collected by the bank from customers, thereby reducing interest income (profit sharing in Islamic banks), which is not as expected, which also has an impact on reducing bank profits or

the ROA ratio. This can be caused by several things, such as a lack of financing supervision from the bank, the bank's poor management of prospective customer information, a disaster that strikes the customer, and macroeconomic conditions that impact the customer's income so that the customer is disturbed in fulfilling their obligations.

Additionally, increasing loss reserves also affects ROA, where banks must set aside funds to cover potential losses due to NPF. This reserve increase was carried out by reducing net profit, which impacted the ROA ratio. Collection and restructuring costs (changing credit financing including additional funds, converting all or part of the debt into new debt principal) often require additional costs where additional costs will be taken from net profit. All of the reasons explained above will result in the bank's income decreasing so that the bank will not be able to finance other productive assets to increase profits (Arif & Rahmawati, 2018).

The results of this test align with research conducted by Evi Nurlaili by proving that there is a significant negative influence on the NPF ratio on the profitability of Islamic banks. The NPF ratio reflects the problematic financing banks face in channeling financing. So the higher the value of the NPF ratio will have a worse impact on banking performance. Likewise, the low value of the NPF ratio shows that the bank is improving its operational work (Nurlaili, 2022).

The Effect of Minimum Statutory Reserves on Return on Assets

short-term and long-term testing of the GWM variable shows that there is no significant negative effect of the GWM variable on ROA. This result contradicts the theory of Veithzal and Arviyan, which states that one external factor influencing the growth of Return on Assets is Bank Indonesia regulations in determining the amount of GWM (Rival & Arifin, 2010). The amount of GWM has strict regulations for each bank, which causes banks to keep some of their funds in current account balances (Elvira et al., 2020). This results in a reduction in funds used in bank financing operations to make a profit. Pohan stated that the smaller the GWM percentage, the greater the bank can utilize its reserves to provide larger loans to the public. Conversely, the greater the percentage, the less the bank can provide loans. Thus, the GWM determines how much the bank can earn from loans (Pohan, 2008). If the savings collected from customers are significant, then the GWM that the Sharia Bank will submit to Bank Indonesia must also be high. This creates more inactive funds, reducing the returns achieved. However, in the tests in this research, the GWM variable did not have a negative and significant effect on bank income.

GWM does not have a significant negative effect on ROA, possibly because of several things, including the bank's efficiency in managing assets to balance the funds saved as GWM by increasing the productivity of assets by optimizing their loan portfolio or increasing income from other services. Then, income diversification is a way for banks to generate stable profits even though some funds are saved as GWM. Other ways banks earn other income such as service fees, trading and investments. Good liquidity management by the bank so that the bank can utilize remaining funds effectively to generate high income. Technology and innovation in banking

services can increase operational efficiency and reduce operational costs. Flexible monetary policy where the central bank sometimes adjusts the reserve requirement policy as part of a broader monetary policy to support economic growth or financial stability. Adjusting GWM policy to monetary policy can provide additional flexibility for banks to manage bank funds efficiently. This research's results align with research conducted by Elvira Hurriyani et al. The results of the tests showed positive coefficients and probability values higher than 0.05, so GWM does not have a significant effect on ROA (Elvira et al., 2020).

The Effect of Inflation on Return on Assets

The results of long-term and short-term testing of the inflation variable show that there is no significant influence of the inflation variable on ROA. This indicates that changes in inflation do not affect the increase or decrease in the ROA value. The results of this test contradict the theory by Veithzal and Arviyan that the external factors that influence the growth of Return On Assets are the country's economic conditions, as seen from a country's inflation rate (Rival & Arifin, 2010). Inflation does not affect ROA because the average inflation rate from 2015 to 2023 is 3.5%, classified as mild inflation. Due to the low inflation rate, customers will likely still have good savings patterns so that banks can manage third party funds to distribute financing to obtain maximum profits. Sukirno explained that severe and uncontrolled inflation (hyperinflation) would result in a chaotic and sluggish economy. If a country experiences high inflation, it will cause consumption to rise, thereby affecting savings and financing patterns in society which decrease, resulting in a decrease in income(Sukirno, 2006). Murabahah income (sale and purchase agreement), where Sharia banks set a fixed profit margin that is not affected by inflation after the contract is agreed, impacts the stability of bank income. Profit-sharing principles used in Sharia banks. This profit-sharing principle is like mudharabah and musyarakah financing where Sharia banks fluctuate according to profits from projects or businesses financed by the bank. When inflation increases, the profits of financed businesses may increase, which means profit-sharing income for Sharia banks will also increase.

This research is in line with research conducted by Nanda Nur Aini Fadillah. Based on the results of the analysis, inflation does not significantly impact profitability (ROA), even though inflation does not affect the profits of Islamic banking companies in Indonesia (Fadillah & Paramita, 2021).

CONCLUSION

The conclusions from the test results that have been carried out regarding the influence of NPF, GWM, and Inflation on ROA at Bank BTPN Syariah Tbk for the period 2015 to 2023 are as follows:

1. The long-term NPF has a significant negative effect on ROA. The short-term NPF has a significant negative effect on ROA.

2. The long-term test results of the GWM variable do not have a significant negative effect on ROA. Testing the short-term relationship, GWM can be concluded that in the short term GWM has no significant negative effect on ROA.
3. The long-term test results for inflation do not significantly negatively affect ROA. The short-term variable Inflation has no significant negative influence on ROA in the short term.

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