Bank Compliance, Asset Quality, Liquidity to the Financial Sector Profitability Sub Sector Bank Listed on the Indonesia Stock Exchange Period 2018-2020

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Abstract

What motivates researchers to conduct this research is the Lowest Credit to Store Proportion of Banks Since 2016 (M. Richard., 2020) and Policy Strategy Facing the Pandemic: Maintaining Liquidity (Feni Freycinetia, 2020). This journal aims to analyze and test and analyze Bank Compliance, Asset Quality, Liquidity to Profitability either partially or simultaneously. The population in this journal is the financial sector of the banking sub-sector listed on the Indonesia Stock Exchange (IDX) for the 2018-2020 period as many as 43 companies. With the sample in this journal as many as 27 companies that match the criteria of the companies that are sampled in this study. The type of research in this journal is causative quantitative research. sources, the information used in this journal is secondary information. The information that will be used in this journal is in the form of annual reports of sub-sector bank companies listed on the Indonesia Stock Exchange for the 2018-2020 period . The results of hypothesis testing in this journal show the effect of Bank Compliance, Asset Quality, Liquidity on Profitability simultaneously at 0.421 which can be concluded that the Bank Compliance, Asset Quality, Liquidity variables are simultaneously able to explain the Profitability variable of 42.1%. Is stated that the rate of return of the modular, assets, assets, (current loans, bad loans) affect profitability substantially. The rest is influenced by factors other than this journal. And the results of paris research in this journal can be percentaged, namely the influence of Liquidity is the most dominant influence among other variables with a percentage level of 30.2427% while the Asset Quality variable is only able to affect the Profitability variable of 7.31%, and the influence of Bank Compliance is 4 ,5715%

I. INTRODUCTION

Banking liquidity is considered very safe with a loan-to-deposit ratio (LDR) below 90%. Based on information from the Financial Services Authority (OJK), commercial banks' LDR in June 2020 was in the position of 89.86% with loans worth Rp 5,549.24 trillion and third party funds worth Rp 6,175.36 trillion. This position was recorded as the lowest since 2016, while last year it even recorded a position of more than 96% in May. LPPI Senior Faculty Moch Amin Nurdin said the LDR position in the first semester indicated the current low liquidity risk faced by banks. Meanwhile, Director of Research Focus of Change on Financial aspects (Center) Indonesia Piter Abdullah said that sluggish credit conditions were normal. Piter assessed that efforts to encourage banks to channel credit with

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interest subsidies, credit guarantees, and placement of funds had not been carried out properly, especially when the pandemic conditions could not be managed properly. Piter assessed that the increase in credit balances would actually make banks increase the risk of bank non-performing loans which also experienced an increase in value.

OJK's policy to provide an economic boost so that banks can maintain asset quality and maintain non-performing loans (NPLs) is a good thing. Likewise, Bank Indonesia's latest policy in dealing with the impact of the Coronavirus. However, what is actually very important and also needs great attention is the policy towards banks and other financial institutions in maintaining the flow of liquidity, especially the liquidity of banks and small or poorly managed financial institutions. This journal aims to test and analyze Bank Compliance, Asset Quality, Liquidity to Profitability either partially or simultaneously. Based on this description, what motivates researchers to conduct this research are:

  a. Lowest Bank Credit to Deposit Ratio Since 2016 (M. Richard, 2020)
  b. Policy Strategy to Face the Pandemic: Maintaining Liquidity (Feni Freycinetia, 2020)

II. RELATED WORKS/LITERATURE REVIEW (OPTIONAL)

This journal aims to analyze and test and analyze Bank Compliance, Asset Quality, Liquidity to Profitability either partially or simultaneously. The independent variables of this journal are Bank Compliance, Asset Quality, Liquidity, while the dependent variable of this journal is Profitability. In this journal, the variable is bank compliance with indicators: Rupiah Least Statutory Reserves and Net Open Position. Asset quality is measured by non-performing productive assets and non-performing productive assets and non-performing loans (NPL). Liquidity can be measured by Obligation to Resource Proportion and Advance to Store Proportion. In this journal, the profitability ratio uses the ratio: Net Interest Edge and Return on Assets.

Within this framework of thought is
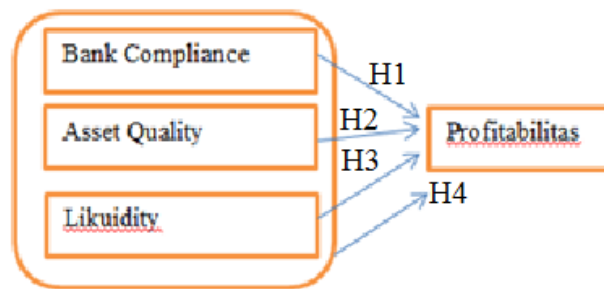
Thought Framework Image

Based on the theory according to the experts and the framework of thought that has been described previously, the researcher formulates the hypothesis of this research which is explained as follows:

H1 : Profitability is influenced by Bank Compliance
Ha1 : Bank Compliance has no effect on Profitability
H2 : Profitability is influenced by Asset Quality
Ha2 : Profitability is not affected by Asset Quality
H3 : Liquidity affects Profitability
Ha3 : Liquidity has no effect on Profitability
H4 : Profitability is influenced by Bank Compliance, Asset Quality and Liquidity
Ha4 : Profitability is not affected by Bank Compliance, Asset Quality and Liquidity.

Bank Compliance

This journal aims to analyze and test and analyze Bank Compliance, Asset Quality, Liquidity to Profitability either partially or simultaneously. The independent variables of this journal are Bank Compliance, Asset Quality, Liquidity, while the dependent variable of this journal is Profitability. In this journal, the variables used are bank compliance with indicators: Rupiah Minimum Statutory Reserves and Net Open Position. Asset quality is measured by non-performing productive assets and non-performing productive assets and non-performing loans (NPL).

Liquidity can be measured by Commitment to Asset Extent and Advance to Store Extent. In this journal, the profitability ratio uses the ratio: Net Interest Edgeand Return On Assets (ROA).

In this journal with the variable of bank compliance with using indicators: Rupiah Statutory Reserves and Net Open Position (NOP)

Rupiah Statutory Reserves

Least Statutory Reserves is an allowance with modular banks that must be placed with Bank Indonesia. Bank Indonesia uses a policy of increasing the Least Statutory Reserves to absorb excess liquidity in the market. The Least Statutory Reserve according to (Siamat, 2005) is a monetary policy used by Bank Indonesia to balance the demand and supply of money with controlling banking liquidity. The following is the formula used in calculating the reserve requirement:

$$\text{Statutory Reserves} = \frac{\text{Current Accounts with BI}}{\text{Third Party Funds}} x100\%$$

Net Open Position (NOP)

Net Open Position Ratio is the ratio that compares the Net Open Position with the Modular. The method for calculating the GDP ratio according to (Bank Indonesia Circular No.13/24/DPNP/October 25, 2011, n.d.) is:

$$\text{PDN} = \frac{(\text{ asset base} - \text{ foreign exchange liabilities}) + \text{ difference of balance sheet}}{\text{capital}} \; x \; 100\%$$

Asset Quality

Assets in banking are used as a tool or method in assessing the quality of earning assets. Asset quality is measured by non-performing productive assets and non-performing productive assets (APBNPB) and non-performing loans (NPL).

Non-performing Earning Assets

Non-Performing Earning Assets Ratio to measure how much earning assets have problems with the quality of substandard, doubtful, and loss assets from all earning assets owned by the Bank (Taswan, 2010) The formula used in calculating the Non-Performing Earning Assets Ratio is as follows:

$$\text{APB} = \frac{\text{Troubled Earning Assets}}{\text{Total Earning Assets}} \; x \; 100\%$$

Non-Earning Assets are bank assets other than productive assets that have potential losses, including foreclosed collateral, abandoned properties, as well as inter-office accounts and suspension accounts according to (Sineba Arli Silvia, 2017).

Non Performing Loan (NPL)

(Kasmir, 2017) What is meant by Non Performing Credit (NPL) is credit in which there are obstacles caused by 2 elements, namely from the banking side in analyzing and from the customer who intentionally or unintentionally is in his obligation not to make payments.

The higher the NPL ratio, it can be concluded that there is something wrong with the bank's performance. The negative consequences that arise are also increasing. Meanwhile, if the NPL ratio is small, it can be concluded that the bank's performance is good and fulfills its function. The main function of a bank is to connect two parties. The first party wants to save money and the second party is a person who needs money so he asks the bank for credit. The Non-Performing Credit Ratio can be measured by the following equation:

$$\text{NPLR} = \frac{\text{Non} - \text{performing Loans}}{\text{Total Credit}} \; x \; 100\%$$

Liquidity

According to (Sudana, 2011) liquidity ratio (Liquidity Proportion) is a ratio that measures the company's ability to meet short-term financial obligations. Liquidity can be calculated by Obligation to Resource Proportion (DAR) and Advance to Store Proportion (LDR)

Debt to Asset Ratio (DAR)

There are other aspects that companies need to consider besides looking at the individual. Definition of Debt to Total Assets Ratio with (Kasmir, 2017) is the debt ratio used to calculate the ratio between absolute debt and

complete assets. The industry standard solvency ratio with the recommended Bond to Resource Proportion is 35%. The following is the formula used in calculating DAR:

$$DAR = \frac{Total\ Debt}{Total\ Assets}\ x\ 100\%$$

Loan to Deposit Ratio (LDR)

According to (Kasmir, 2017) LDR (Advanced to Store Proportion) is a ratio used to measure the composition of the amount of credit given compared to the amount of public and modular funds used.

According to (*Peraturan Bank Indonesia Nomor 15/7/PBI/2013*, n.d.) Credit to Store Proportion, hereinafter abbreviated as LDR, is the ratio of loans granted to third parties in Rupiah and foreign currencies, excluding loans to other banks, to third party funds which include demand deposits, savings and time deposits in Rupiah and foreign currencies, excluding funds interbank. Credit to Store Proportion can be calculated by the following equation:

$$LDR = \frac{Credit}{Third\ Party\ Funds}\ x\ 100\%$$

Profitability

With (James C. Van Horne dan John M. Wachowicz, 2012) the understanding of profitability ratios is as follows: "The profitability ratio is the ratio that relates profit to sales and investment". In this journal the profitability ratios used are the ratios: Net Interest Edge (NIM) and Return On Resources (ROA).

Net Interest Margin (NIM)

According to (Achmad dan Kusno, 2003) Net Revenue Edge (NIM) is a measure of the difference between the interest income generated by banks or other financial institutions and the value of interest paid to their lenders (e.g. deposits), relative to the amount of interest earned on an asset. NIM can be formulated as follows:

$$NIM = \frac{Net\ Interest\ Income}{Average\ Earning\ Assets}\ x\ 100\%$$

Return On Assets (ROA)

According to (Mangsa Simatupang, 2015) The Return On Resources (ROA) ratio describes the company's ability to generate profits from the total assets owned by the company.

The function of asset return is to provide financial backers with an idea of how effective the company is in converting invested funds into net income. The higher the ROA number, the better the company will make money with less investment. Return On Resource Proportion can be calculated by the following equation:

$$ROA = \frac{Net\ Profit}{Total\ Assets}\ x\ 100\%$$

III. METHODS

The type of research in this journal is causative quantitative research. Judging from the source, the information used in this journal is secondary information. The information that will be used in this journal is in the form of annual reports of sub-sector bank companies listed on the Indonesia Stock Exchange for the 2018-2020 period.

Population and Sample

For (Sugiyono, 2017) Population is a generalization area consisting of objects or subjects that have certain qualities and characteristics that are authorized by the researcher to be studied and then drawn at the end. The population in this journal is the financial sub-sector in the banking sector listed on the Indonesia Stock Exchange (IDX) for the 2018-2020 period as many as 43 companies because the January 2021 Financial Statements have not been released on the stock exchange. For (Sugiyono, 2017), The sample is part of the number and characteristics possessed by the population. The sample in this journal is 27 companies that match the criteria of the companies that are sampled in this study.

TABEL SAMPLE SELECTION CRITERIA

No	Description	Amount
1	Bank sector company listed on the Indonesia Stock Exchange in 2018 and remains listed until 2020.	43
2	Companies that are not listed or delisted on the IDX during the period study.	0

3	Companies that use currencies other than rupiah in the report his finances.	0
4	Companies that present incomplete reports regarding with research variables.	16
NUMBER OF SAMPLES BANK (Companies)		27

Source: IDX, Files processed, 2022 (IDX, 2022)

TABEL RESEARCH SAMPLES

NO	CODE	NAME OF ISSUER
1	AGRO	PT Bank Raya Indonesia Tbk
2	BABP	PT Bank MNC Internasional Tbk
3	BBCA	PT Bank Central Asia Tbk
4	BBHI	PT Bank Harda Internasional Tbk.
5	BBKP	PT Bank KB Bukopin Tbk
6	BBMD	PT. Bank Mestika Dharma Tbk
7	BBNI	PT. Bank Negara Indonesia Tbk
8	BDMN	PT Bank Danamon Indonesia Tbk
9	BGTG	PT. Bank Ganesha Tbk
10	BINA	PT Bank Ina Perdana Tbk
11	BJBR	PT Bank Pembangunan Daerah Jawa Barat & Banten Tbk
12	BJTM	PT Bank Pembangunan Daerah Jawa Timur Tbk
13	BKSW	PT. Bank QNB Indonesia Tbk
14	BMAS	PT. Bank Maspion Indonesia Tbk
15	BMRI	PT. Bank Mandiri Tbk
16	BNBA	PT. Bank Bumi Arta Tbk
17	BNGA	PT. Bank CIMB Niaga Tbk
18	BNII	PT. Bank Maybank Indonesia Tbk
19	BNLI	PT. Bank Permata Tbk
20	BSIM	PT. Bank Sinarmas Tbk
21	BTPN	PT Bank BTPN Tbk
22	BVIC	PT. Bank Victoria International, Tbk
23	INPC	PT. Bank Artha Graha Internasional Tbk
24	MAYA	PT. Bank Mayapada Internasional Tbk
25	MCOR	PT. Bank China Construction Bank Indonesia Tbk
26	NOBU	PT Bank Nationalnobu Tbk
27	PNBN	PT. Bank Pan Indonesia Tbk

Source: IDX, Files processed, 2022 (IDX, 2022)

Data analysis method

Hypothesis testing in this journal was carried out using the Brilliant PLS (Halfway Least Square) program. PLS is an alternative method that uses the variance-based Underlying Condition Displaying (SEM) method. External model test. The external model was tested with convergent validity, discriminatory validity, extract mean variance (AVE), and reliability tests. Inner model testing (structural model evaluation). The inner model is tested by analyzing R Square (R2), Multicollinearity, FSquare (F2), QSquare (Q2), and Enormous Impacts Analysis
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IV. RESULTS

In this journal the independent variables in this journal are Bank Compliance, Asset Quality, Liquidity, while the dependent variable in this journal is Profitability. In this journal, bank compliance variables use indicators: Rupiah Least Statutory Reserves (GWM) and Net Open Position (PDN). Asset quality is measured by non-performing productive assets and non-performing productive assets (APBNPB) and non-performing loans (NPL). Liquidity can be measured by Obligation to Resource Proportion (DAR) and Advance to Store Proportion (LDR). In this journal, the ratio of profitability using the ratio: Net Interest Edge (NIM) and Return On Resources (ROA).

The type of research in this research is causative quantitative research. Sources, the information used in this journal is secondary information. The information that will be used in this journal is in the form of annual reports of sub-sector bank companies listed on the Indonesia Stock Exchange for the 2018-2020 period. Researchers tested the hypothesis in this journal using the Brilliant PLS (Fractional Least Square) program. Which consists of External Model Testing. External model test. The external model was tested with convergent validity, discriminatory validity, extract mean variance (AVE), and reliability tests. Interior model testing (structural model evaluation). Interior model testing is done by analyzing R Square (R2), Multicollinearity, FSquare (F2), QSquare (Q2), and Huge Impacts Analysis.

Outer Model Evaluation (Measurement Model)
Convergent Validity
Individual Item Reliability

Examination of the reliability of individual items, can be seen from the standardized load factor values. The standard loading factor describes the magnitude of the correlation between each calculated thing (indicator) and its construct. The results of this test obtained the value of the construct resulting from the External stacking test, which is as follows:

Indikator	λ *(Loading Factor)*	Validitas
GWMRP	0.868	VALID
PDN	0.676	VALID
APBNPB	0.893	VALID
NPLN	0.919	VALID
DAR	0.835	VALID
LDR	0.865	VALID
NIM	0.887	VALID
ROA	0.873	VALID

Table Convergent Validity

Source: PLS, processed PLS, (*PLS*, 2022)

To measure the level of reliability of individual items can be seen in the results of the External stacking test. The indicator is said to be substantial if the stacking factor $>= 0.7$. The stacking factor number > 0.7 is said to be ideal, meaning that the indicator is said to be substantial in calculating the construct. In the empirical experience of research, the loading factor number > 0.5 is still acceptable (Ghozali, 2014). This, loading factor number < 0.5 should be removed from the model (dropped). Based on the test results in the table, the indicators in this journal are stated to be substantial to measure the research construct. Based on the results obtained and presented in the table, it can be seen that the resulting loading factor number is 0.50. The smallest number is 0.676 for the PDN indicator. This means that the indicators used in this journal have met the level of validity or have met the level of convergent validity.

Internal Consistency or Construct Reliability

Inspection of Construct Reliability, can be seen start from the number of Composite Reliability. Construct Reliability describes the magnitude of the level of reliability in a journal. The results of this test are obtained with the Composite Reliability value, which is as follows:

Table *Composite Reliability*

	COMPOSITE RELIABILITY
Bank Compliance	0.751
Asset Quality,	0.902
Liquidity	0.839
Profitability	0.873

Source: PLS, processed PLS, (*PLS*, 2022)

Sourced the output of construct reliability testing, it is known that each construct has a Composite Reliability number of more than 0.70. So it can be said that the model built has an acceptable level of reliability and is very satisfactory with the lowest composite reliability number of 0.751 on the Bank Compliance variable.

Average Variance Extracted (AVE)

The Normal Change Separated (AVE) value describes the amount of variance or diversity of manifest variables that can be owned by the latent construct. Thus, the greater the variance or diversity of the manifest variables that can be accommodated by the latent construct, the greater the representation of the manifest variable in the latent construct. The results of this test are obtained with Normal Change Separated (AVE) numbers, which are as follows::

Table *Average Variance Extracted (AVE)*

	AVERAGE VARIANCE EXTRACTED (AVE)
Bank Compliance	0.605
Asset Quality,	0.821
Liquidity	0.723
Profitability	0.775

Source: PLS, processed PLS, (*PLS*, 2022)

(Garson, 2016), recommends the use of AVE (λ) for criteria in assessing convergent validity. The AVE (λ) score of at least 0.5 indicates a good measure of convergent validity. That is, the latent variable can explain the average of more than half the variance of the indicator. Based on the results of the Normal Change Extricated (AVE) (λ) test, it is known that each construct has a value of more than 0.50. So it can be said that the latent variable can explain the average of more than half of the indicator variance. The lowest AVE (λ) score is 0.605 on the Bank Compliance variable

Discriminant Validity

The discriminant validity of the reflective model was evaluated through cross stacking, then equating the AVE number (λ) with the square of the correlation between constructs (or equating the square root of AVE (λ) with the correlation between constructs). The measure of cross stacking is to equate the correlation of the indicator with its construct and the construct of other blocks. If the correlation with the indicator and its construct is higher than the correlation with other block constructs, it indicates that the construct predicts the block size better than the other blocks. Another measure of discriminant validity is that the AVE root number (λ) must be higher than the correlation between constructs and other constructs/ the AVE number (λ) is higher than the square of the correlation between constructs. Here are the test results from Cross Stacking in this journal:

Table *Cross Loading*

	Bank Compliance	Asset Quality	Liquidity	Profitability
GWMRP	0.868	0.175	0.113	0.187
PDN	0.676	0.075	0.005	0.126
APBNPB	0.065	0.893	0.292	-0.143
NPLN	0.233	0.919	0.353	-0.164
DAR	-0.016	0.325	0.835	0.394
LDR	0.158	0.285	0.865	0.432
NIM	0.256	0.134	0.614	0.887
ROA	0.100	-0.450	0.232	0.873

Source: PLS, processed PLS, (*PLS*, 2022)

Based on the results of the cross stacking test, it is known that the correlation between the indicator and its construct is higher than the correlation with other block constructs. This indicates that constructs predict their block size better than other blocks.

Evaluation of Inner Model (Structural Model)
Coefficient of determination (R^2)

After the tested model meets the validity and reliability criteria, then the structural model test (Internal model) is tested. The following are the results of testing the R-Square value on the variables in this research model::

Table *R- Square*

	R - SQUARE	R – SQUARE ADJUSTED
Profitability	0.421	0.396

Source: PLS, processed PLS, (*PLS*, 2022)

The test results sourced from R - Square provide a test number of 0.421 with the Profitability variable which can be concluded that the Bank Compliance, Asset Quality, Liquidity variables are simultaneously able to explain the Profitability variable of 42.1%. This indicates that the rate of return from modular, assets, assets, credit (current loans, bad debts) affects profitability substantially. While the rest is influenced by other factors outside this journal.

Collinearity Statistics (VIP)

Multicollinearity analysis aims to find out that a construct that is measured is completely different from other constructs. Multicollinearity analysis in analysis using the PLS method can be seen in the resistance number or the Difference Expansion Component (VIF) number. (Garson, 2016) states that if the celebrity number > 10, it can be suspected that multicollinearity occurs. The following are the results of the Collinearity Measurements (celebrity) test in this journal:

Table *Collinearity Statistics (VIP)*

	VIF
GWMRP	1.051
PDN	1.051
APBNPB	1.705
NPLN	1.705
DAR	1.248
LDR	1.248
NIM	1.433
ROA	1.433

Source: PLS, processed PLS, (*PLS*, 2022)

The results of the VIF (Difference Expansion Variable) test carried out prove that the VIF value in this journal is not more than 10. Thus, it can be concluded that this journal is free from multicollinearity problems, meaning that the constructs built have different characteristics from each other so that no changes are needed construction.

F^2 Effect Size

This test was conducted to analyze the level of influence of latent variables. The suggested Impact Size f2 predictors were 0.02, 0.15 and 0.35 with exogenous latent variables having small, medium and large effects on the structural level. The value of f2 becomes the basis for whether the variable is feasible or not to be used in the research model. If the value of f2 has a weak influence, it will have an impact on the rejection of the journal hypothesis when testing the hypothesis. Here are the test results for f2 in this journal:

Table *F Square*

	Profitabilitas
Bank Compliance	0.083
Asset Quality,	0.272
Liquidity	0.579

Source: PLS, processed PLS, (*PLS*, 2022)

Based on the results of the f2 test, it can be seen that the Liquidity Effect Predictor variable on Profitability has a large level of influence, namely 0.579 (> 0.35) and the Asset Quality variable has a moderate influence, namely 0.272 (> 0.15), while the predictor variable of Bank Compliance has a moderate level of influence. which is small (<0.15) which is equal to 0.083.

Q² Effect Size

This test was conducted to analyze the level of influence of the latent variable predictor Impact Size Q² suggested are 0.02, 0.15 and 0.35 with exogenous latent variables having small, medium and large effects on the structural level. The value of Q² becomes the basis for the magnitude of the variability of endogenous variables which can be explained by exogenous variables. The following are the results of the Q² test in this journal using the formula:

$$Q^2 = \frac{R^2\ Include\ -\ R^2\ Exclude}{1 - R^2\ Include}$$
$$Q^2 = \frac{150.000\ -\ 107.941}{1 - 150.000}$$
$$Q^2 = 0.280$$

Based on the results of the Q² test, it can be seen that the magnitude of the variability of endogenous variables that can be explained by exogenous variables has a moderate level of influence, namely 0.228 (> 0.02).

Predictive relevance (Q²)

Q2 predictive relevance which serves to validate the model. This calculation is suitable if the Latin endogenous variable has a reflective calculation model. The results of the predictive relevance of Q2 are said to be good if the value is > 0 which indicates the exogenous latent variable is good (correct) as an explanatory variable capable of predicting endogenous variables. Here are the results of the Blindfolding test for Q2 . predictive relevance:

Table *Construct Crossvalidated Redundancy*

	SSO	SSE	$Q^2=(1\text{-}SSE/SSO)$
Bank Compliance	150.000	150.000	
Asset Quality,	150.000	150.000	
Liquidity	150.000	150.000	
Profitability	150.000	107.941	0.280

Source: PLS, processed PLS, (*PLS*, 2022)

Based on the test results in the table, this journal model can be said to have a good predictive relevance number because it has a number greater than zero (0).

Size and Significance of path coefficients

For the large analysis of the influence of exogenous variables on endogenous variables, it can be seen through the output path coefficients by presenting the analytical data as follows:

Table *Path Coefficients*

PATH	Profitability
Bank Compliance	0.223
Asset Quality,	-0.430
Liquidity	0.621

Source: PLS, processed PLS,(*PLS*, 2022)

Based on the test information in the table, it can be explained that the absolute greatest influence of the Profitability variable is the Liquidity variable of 0.621. The following will present the percentage of the resulting effect between the independent variables on the dependent variable from the yield smartpls with the following formula:

$$Percentage = (path\ coefficient\ value\ x\ Latent\ Variable\ Correlation\ value)x\ 100\%$$

Table *Latent Variable Corelation*

	Bank Compliance	Asset Quality	Liquidity	Profitability
Bank Compliance	1.000	0.170	0.088	0.205
Asset Quality	0.170	1.000	0.358	-0.170
Liquidity	0.088	0.358	1.000	0.487
Profitability	0.205	-0.170	0.487	1.000

Source: PLS, processed PLS, (*PLS*, 2022)

Sourced the table, the results will be obtained for the percentage of influence of each variable with the following values:

1. Bank Compliance Variables
    Percentage = (0.223 x 0.205) x 100%
    = 4.5715%
2. Asset Quality Variable
    Percentage = (−0.430 x − 0.170) x 100%
    = 7.31%
3. Liquidity Variables
    Percentage = (0.621 x 0.487) x 100%
    = 30.2427%

Sourced from the results of percentage calculations, the results obtained for the percentage of Liquidity influence which is the most dominant influence among other variables with a percentage level of 30.2427% while the Asset Quality variable is only able to affect the Profitability variable of 7.31%, and the influence of Bank Compliance is 4.5715 %

For hypothesis testing, the estimated value of the path coefficient between constructs must have a significant value. The significance of the relationship can be obtained by Bootstrapping or Jacknifing procedures. The resulting value is the t-count value which is then compared with the t-table. If t-count > t-table (t-table value depends on the number of samples) at the significance level (Alpha 5%) then the estimated path coefficient value is significant. The tests carried out can be seen through the bootstrap yield by presenting the analysis information as follows:

Table *Path Coefficients (bootstrapping)*

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Bank Compliance → *Profitability*	0.223	0.214	0.080	2.787	0.006
Asset Quality → *Profitability*	-0.430	-0.370	0.216	1.990	0.047
Liquidity → *Profitability*	0.621	0.615	0.126	4.917	0.000

Source: PLS, processed PLS, (*PLS*, 2022)

Sourced the table data, it can be concluded that the results of the analysis of the research hypothesis testing are as follows:

1. The Effect of Bank Compliance on Profitability
    In testing the relationship between Bank Compliance and Profitability variables, it shows that the significant relationship with T-statistics is 2.787 (> 1.962713) and the original sample value is positive, namely 0.223 which indicates that the direction of the relationship between Bank Compliance and Profitability is positive. Sourced the results obtained in this test, the research hypothesis 'Bank Compliance has an effect on Profitability' or H1 is ACCEPTED.
2. Effect of Asset Quality on Profitability
    In testing the relationship between the Asset Quality variable and Profitability, it shows that the significant relationship with the T-statistic is 1.990 (>1.962713) and the original sample value is negative, which is -0.430

which indicates that the direction of the relationship between Asset Quality and Profitability is negative. Sourced the results obtained in this test, the research hypothesis 'Asset Quality has an effect on Profitability' or H2 is accepted.

3. Effect of Liquidity on Profitability

In testing the relationship between the Liquidity variable and Profitability, it shows that the significant relationship with the T-statistic is 4.917 (> 1.962713) and the original sample value is positive, which is 0.621 which indicates that the direction of the relationship between Liquidity and Profitability is positive. Sourced the results obtained in this test, the research hypothesis 'Liquidity affects Profitability' or H3 is accepted.

The following is a diagram of the statistical T value sourced the output of data testing with SmartPLS:
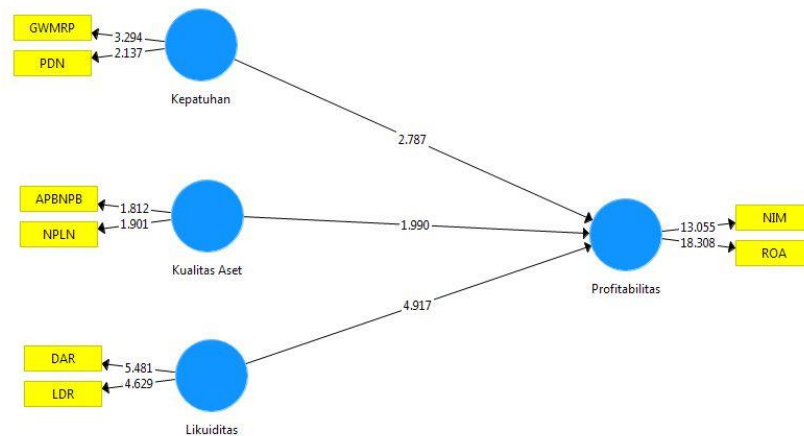
Image Bootstraping
Source: PLS, processed PLS, (*PLS*, 2022)

Sourced the original sample value as a whole, it can be seen that the highest number obtained from the independent variable to Profitability is the Liquidity variable with the original sample value of 0.621. This shows that liquidity has the most dominant influence on profitability compared to other independent variables

V. CONCLUSIONS

In this journal, the results of hypothesis testing in this journal show the effect of the variables of Bank Compliance, Asset Quality, Liquidity on Profitability simultaneously of 0.421 which can be concluded that the variables of Bank Compliance, Asset Quality, Liquidity are simultaneously able to explain the Profitability variable of 42.1%. This shows that the modular rate of return, assets, assets, credit (current loans, bad loans) affect profitability substantially. While the rest is influenced by other factors outside this journal.

And the results of paris research in this journal can be percentaged, namely the influence of Liquidity is the most dominant influence among other variables with a percentage level of 30.2427% while the Asset Quality variable is only able to affect the Profitability variable of 7.31%, and the influence of Bank Compliance is 4 ,5715%.

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