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The Effect of Loan to Deposit Ratio and Capital Adequacy Ratio on Bank Profitability with Proportion of Independent Commissioners as Moderating Variable

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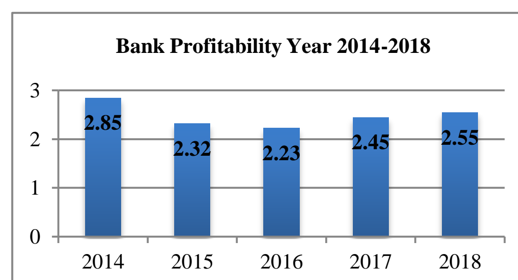
Abstract: **Banks play an important role in the growth of economic stability because banks as the heart of a country's economy are able to make a major contribution to a country. Therefore, banks are required to always pay attention to their profitability. This research aims to find empirical evidence about the effect of the Loan to Deposit Ratio (LDR) and Capital Adequacy Ratio (CAR) on bank profitability with the proportion of independent commissioners as a moderating variable. Profitability in this study was proxy by using ROA. This research was conducted at banking companies listed on the Indonesia Stock Exchange in 2014-2018. The method of determining the sample is done by purposive sampling which produces a sample of 30 companies. The analysis technique used is moderated regression analysis and multiple linear regression analysis. The results showed the LDR has a positive effect on ROA. This means that the higher the LDR, the bank profitability will increase. CAR has a positive effect on ROA. This means that the higher the CAR, the bank's profitability to increase. The proportion of independent commissioner does not moderate the effect of LDR on ROA. This means that the number of independent commissioners does not affect the LDR as an effort to increase bank profitability. The proportion of independent commissioners does not moderate the effect of CAR on ROA. This means that the number of independent commissioners does not affect CAR as an effort to increase bank profitability.**

Keywords: **LDR, CAR, independent commisioners, ROA.**

I. INTRODUCTION

Banks play an important role in the growth of economic stability because banks as the heart of a country's economy are able to make a major contribution to a country. Therefore, banks are required to always pay attention to the ability of their profits or better known as profitability. Profitability in this study was measured using Return On Asset (ROA).

Rachmawati (2013) states that profitability is the most appropriate measurement tool to assess the bank performance. How bank management manages the total assets used to generate profits will be reflected through profitability. Profits that are managed effectively and efficiently reflect the company is already good in carrying out its activities. Based on the data from Indonesian Banking Statistics, in the last five years ROA has continued to fluctuate. These fluctuations are illustrated through graph 1.



Graph 1. Bank Profitabilitty Average Year 2014-2018

Fluctuating ROA can be influenced by several factors. However, the scope of the variables in this study only covers Loan to Deposit Ratio (LDR) and Capital Adequacy Ratio (CAR) because other variables have been widely studied and produce consistent results. LDR is a liquidity ratio that shows the level of ability of banks in channeling third party funds collected by banks. The profitability of banks will increase if the banks are distributing more funds in the form of credit to their customers so that the idle funds are getting smaller and the banks will get interest from the loan distribution. High interest income can directly increase LDR. The higher the LDR level, the more illiquid a bank is, meaning that the bank will find it difficult to fulfill its short-term obligations, such as a sudden withdrawal by a customer against its deposits. Otherwise, the lower the LDR level, the more liquid a bank (Nathaniel, 2008). However, the more liquid a bank is, the greater the cash inventory it has which results in idle cash which is also large so that it can result in cash management being less effective which results in decreased bank profits. Research on LDR gets different results. Anggreni & Suardhika (2014) shows that LDR has no effect on profitability. Almadany (2012) shows that LDR has a negative effect on profitability. Whereas Porawuow et al., (2014) states that LDR has a positive effect on ROA.

In addition to LDR, banks also need to pay attention to CAR. CAR is a ratio that shows the ability of banks to manage their assets to develop their company and be able to bear all the burdens of bank operations activities (Olalere et al., 2017). The more capital invested, the higher the bank's profitability will be. The amount of capital available in a bank shows the level of a bank's ability to cover the risk of loss and the level of the bank's ability to increase bank growth. However, the availability of capital is directly proportional to the cost of capital so that the greater the availability of capital, the greater the cost of capital which results in the ability of the bank profitability. Different results were also found in research on CAR. According to Chang (2011) research, CAR has a positive effect on profitability, whereas according to Sukma (2013)**,** CAR has no effect on profitability.

Because of the results of previous studies show different results, researcher want to investigate further the effect of LDR and CAR on the ability of the bank profitability by adding the proportion of independent commissioners as a moderating variable with reason that the existence of independent commissioners in a company, the company's performance is increasingly more controlled. The more independent commissioners, oversight of the company's performance and keep the LDR and CAR at a predetermined percentage increasingly stringent, so that banks will be more careful in making decisions. The existence of independent commissioners in a company can have a positive impact on company performance and company value (Zhou & Ying, 2011).

II. CONCEPTUAL MODEL AND HYPOTHESES

The Effect of Loan to Deposit Ratio on Bank Profitability

Based on stakeholder theory, management must effectively manage the company. Effective company management aims not to harm stakeholders. If the amount of credit offered is high, bank profits will also increase because the money that is unemployed is getting smaller and is used for lending. High lending will add higher interest income. High interest income has an impact on profitability which makes the bank profitability better. So the higher the LDR ratio, bank profitability will be better. Based on signal theory, companies must provide signals or information to outside parties. Through LDR, it can reflect profitability so that the company is able to give a positive signal to external parties. The results of the study Buchory (2014) states that LDR has a positive effect on profitability. Sudiyatno (2013) states that LDR has no effect on the ROA of banks. Based on this explanation, the following hypotheses can be proposed:

H1: Loan To Deposit Ratio has a positive effect on bank ROA.

The Effect of Capital Adequacy Ratio on Bank Profitability

Stakeholder theory explains that good processing of the company's potential will drive the profitability of the company for the benefit of stakeholders (Ulum, 2009: 6). If the availability of capital in the company is sufficient, the company's operational activities will not be disrupted. To minimize the risks that occur, companies are required to always pay attention to the amount of capital. Bennaceur & Goaied (2008), argues that banks with high capital tend to show high profitability. High CAR reflects the high ROA so that the company will give a positive signal to external parties. This is in accordance with the concept of signal theory which states that the company must provide information about the company's condition. Christiano et al., (2014) states that CAR has a positive effect on profitability proxy by ROA. But not in line with research Lukitasari & Kartika (2015) which states that CAR has a significant positive effect on ROA. Based on this explanation, the following hypotheses can be proposed:

H2: Capital Adequacy Ratio has a positive effect on bank ROA.

The Effect of Loan to Deposit Ratio on Bank Profitability with Independent Commissioners as Moderating Variable

Based on stakeholder theory, the existence of an independent commissioner is able to influence the actions of companies in managing LDR in an effort to increase profitability. If there are more independent commissioners, the supervision will be tighter (Safietrie, 2017). Independent commissioners can oversee the management of credit granting to run effectively and efficiently and to always be high but within the prescribed limits. Good credit management can generate greater profits because idle funds are used for lending. Large profits reflect the ability of the bank profitability getting better. Based on this explanation, the following hypotheses can be proposed:

H3: The proportion of independent commissioners moderates the effect of LDR on bank ROA.

The Effect of Capital Adequacy Ratio on Bank Profitability with Independent Commissioners as Moderating Variable

Stakeholder theory explains that with the existence of an independent commissioner, the company is expected to manage the availability of good capital so that the ability of the banking profitability is increased and give the stakeholders benefits. The existence of an independent commissioner can control and oversee the availability of capital in the company so that it is high and not less than the specified minimum limit. The higher the CAR, the greater the financial resources that can be used for business development needs and anticipate potential losses caused by lending, such as problem loans. In other words, the higher the capital adequacy to bear the risk of bad credit, so that the bank's performance is getting better, and can increase public confidence in the bank concerned which leads to increased profits (Diana, 2009). Based on this explanation, the following hypotheses can be proposed:

H4: The proportion of independent commissioners moderates the effect of CAR on bank ROA.

The conceptual framework in this research is presented in Figure 1 below :

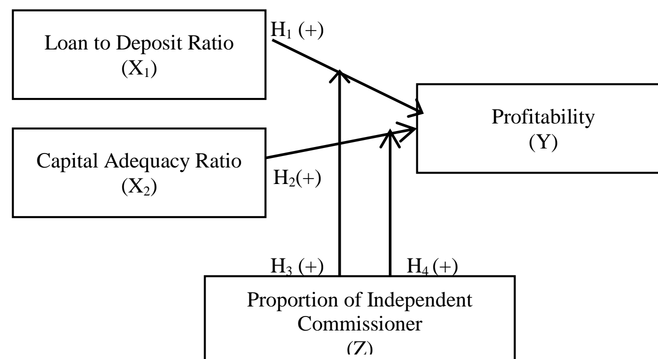


Fig.1 The Conceptual Framework

III. RESEARCH METHODOLOGY

Location of this research was conducted on all banks listed on the Indonesia Stock Exchange (IDX) by accessing the official website of IDX, namely www.idx.co.id. The reason for choosing this location is because banks that go public are more open in reporting their profitability and the development of banking financial performance on the IDX has a very big role for the country's economy. The object of this research is the ROA of banks listed on the Indonesia Stock Exchange in the 2014-2018 period with the variable LDR, CAR, and the proportion of independent commissioners suspected of influencing it. This research was conducted in the last five years in order to obtain the latest data and over the last five years the bank ROA has fluctuated. Loan to Deposit Ratio (LDR) is a ratio that shows the ability of a bank in providing funds to its debtors with capital owned by banks and funds that can be collected by the public (Sudarmawanti & Purnomo, 2015). Capital Adequacy Ratio (CAR) is a ratio that takes into account how far all bank assets that contain risk (credit, participation, securities, bills at other banks), also funded from the bank's own capital funds in addition to obtaining funds from sources - sources outside the bank, such as the community, loans (debt), and others (Sudiyatno, 2013). Independent commissioner is a group of people who are responsible for hiring managers and all employees in the company, evaluating if there are irregularities in the company and dismissing top managers if they make mistakes and are part of the company's board of commissioners. The independent commissioner has the duty to provide input to the board

of directors so that there are no irregularities in the management of the company so as to achieve good performance according to the objectives to be achieved by the company. Profitability is the company's ability to generate profits (Wiagustini, 2010). In this study profitability is measured through Return On Assets (ROA).

The population in this research is the banks listed on the Indonesia Stock Exchange totaling 44 banks. The sampling method used in this research is the non-probability sampling method with a purposive sampling technique where the sample is taken randomly and with certain considerations. The criteria for determining the sample are as follows: 1) Bank that did not experience a loss during 2014-2018. 2) Banks that have independent commissioners. This research is using quantitative data. Quantitative data in this research are the numbers listed in the 2014-2018 financial statements. The data source used in this research is secondary data. Secondary data in this research are the 2014-2018 financial statements of the banking system.This research is using data analysis techniques, namely: 1) Descriptive statistics, 2) Moderated Regression Analysis (MRA) Test, 3) Multiple Linear Regression Analysis Test, 4) Classical assumption test, 5) Coefficient of determination test (R^2), 6) Feasibility test model (F test), 7) Hypothesis test (t test).

IV. RESULT AND DICUSSION

Descriptive statistics are tests used to see the minimum value, maximum value, average value, and standard deviation of each variable, namely the Loan to Deposit Ratio (LDR), Capital Adequacy Ratio (CAR), and the proportion of independent commissioners. Descriptive statistical results in this study can be seen in table I.

TABLE I. DESCRIPTIVE STATISTIC RESULT

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	150	0.08	12.40	1.9828	1.71364
Loan to Deposit Ratio (X_1)	150	50.61	145.26	85.6461	13.48278
Capital Adequacy Ratio (X_2)	150	10.44	66.43	21.4152	7.33820
Proportion of Independent Commissioners (X_3)	150	0.33	0.80	0.5815	0.09628

Source: Data Processed, 2020

Based on the table above, it can be seen that the ROA variable has a minimum value of 0.08, a maximum value of 12.40, while a mean value of 1.9828 and a standard deviation value of 1.71364. The LDR variable has a minimum value of 50.61, a maximum value of 145.26, while a mean value of 85.6461 and a standard deviation value of 13.48278. CAR variable has a minimum value of 10.44, a maximum value of 66.43, while a mean value of 21.4152 and a standard deviation value of 7.33820. The variable proportion of independent commissioners has seen a minimum value of 0.33, a maximum value of 0.80, while a mean value of 0.5815 and a standard deviation value of 0.09628.

MRA is used to determine whether the moderating variable is able to moderate the effect of the independent variable on the dependent variable. This test is done to explain the proportion of independent commissioners strengthening or weakening the effect of LDR and CAR on ROA. MRA test results can be seen in table 2.

TABLE II. MODERATION REGRESSION ANALYSIS RESULT

Model	Unstandardized Coefficients	Standardized Coefficients		t	Sig
	B	Std Error	Beta		
(Constant)	1.040	3.995		0.260	0.795
Loan to Deposit Ratio (X_1)	-0.177	0.393	-0.310	-0.450	0.654
Capital Adeqauacy Ratio (X_2)	0.454	0.579	0.598	0.784	0.435
Proportion of Independent Commissioners (X_2)	-3.834	5.197	-0.566	-0.738	0.462
Loan to Deposit Ratio*Proportion of Independent Commisioners (X_1*X_3)	0.498	0.501	0.961	0.995	0.321
Capital Adeqauacy Ratio*Proportion of Independent Commisioners (X_2*X_3)	-0.224	0.764	-0.281	-0.293	0.770
Adjusted Rsquare: 0.219					
F count: 8.913					
Sig. F count: 0.000					

Source: Data Processed, 2020

Based on the table, the multiple regression model obtained in this study is as follows:

Y = 1.040 – 0.177 X1 + 0.454 X2 – 3.834 X3 + 0.498 X1.X3 – 0.224 X2.X3

A constant value of positive value of 1.040 can be interpreted that if the variable LDR, CAR, the interaction between LDR with the proportion of independent commissioners, and the interaction between CAR and the proportion of independent commissioners is stated constant at 0, then the proportion of commissioners influences the company's actions in managing LDR and CAR as efforts to improve banking profitability. The moderation interaction coefficient value $X_1.X_3$ has a positive value of 0.498, meaning that if the interaction between the LDR and the proportion of independent commissioners rises by one unit, ROA (Y) does not change with the assumption that the other independent variables are constant. The moderation interaction coefficient value of $X_2.X_3$ is negative at 0.224, meaning that if the interaction between CAR and the proportion of independent commissioners increases by one unit, ROA (Y) does not change with the assumption that the other independent variables are constant.

Adjusted Rsquare value of 0.219. This indicates that the profitability (Y) is explained by 21.9% by the variable LDR (X_1), CAR (X_2), the proportion of independent commissioners (X_3), LDR interaction with the proportion of independent commissioners, and CAR interaction the remaining proportion of independent commissioners is explained by other variables not included in the model or research.

This F count value is greater than the F table value of 2.67 and the significance value of F of 0.000 is less than 0.05, so it can be concluded that there is an influence of LDR (X_1), CAR (X_2), proportion of independent commissioners (X_3), interaction between LDR with the proportion of independent commissioners and the interaction between CAR and the proportion of independent commissioners to the dependent variable that is ROA (Y) simultaneously. These variables are able to explain the phenomenon of profitability in banking companies listed on the Indonesia Stock Exchange in 2014-2018.

The interaction variable between LDR with the proportion of independent commissioners has a significance value of t of 0.321 which is greater than 0.05. This means that the proportion of independent commissioners does not moderate the effect of LDR on ROA, so H3 is rejected. The interaction variable between the CAR and the proportion of independent commissioners has a significance value of t of 0.770 which is greater than 0.05. This means that the proportion of independent commissioners does not moderate the effect of CAR on ROA, so H4 is rejected.

This research is included in the moderator variable homologizer. the variable proportion of independent commissioners, the interaction between LDR and the proportion of independent commissioners, and the interaction between CAR and the proportion of independent commissioners having a $sig>\alpha$ value. This means that the proportion of independent commissioners has no effect on financial performance and does not interact with the LDR and CAR variables. The error term value in the MRA test is greater than the error term in the multiple linear regression test, where the MRA test has a value of 0.38211 and the multiple linear regression test has a value of 0.38072. The greater the error term value, the weaker the relationship strength.

Multiple linear regression test is used to determine the effect of two or more independent variables on the dependent variable. The results of multiple linear regression tests can be seen in table III.

TABLE III. MULTIPLE LINEAR ANALYSIS RESULT

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std Error	Beta		
(Constant)	-1.755	0.609		-2.880	0.005
Loan to Deposit Ratio (X_1)	0.212	0.43	0.372	4.983	0.000
Capital Adeqauacy Ratio (X_2)	0.281	0.057	0.370	4.934	0.000
Proportion of Independent Commissioners (X_3)	-0.266	0.505	-0.039	-0.528	0.599
Adjusted Rsquare: 0.225					
Fcount: 14.628					
Sig. F count: 0.000					

Source: Data Processed, 2020

Based on the table, the multiple regression model obtained in this study is as follows:

Y = -1.755+ 0.212 X1 + 0.281 X2 –0.266 X3

This model has the following interpretations: 1) Constant value of negative value is 1.755, it can be interpreted if there is no influence from other variables or independent variables, then the constant value of the variable ROA (Y) is 1.755. 2) The coefficient of the variable LDR (X_1) has a positive value of 0.212, meaning that if the value of LDR (X_1) increases by one unit, the ROA (Y) will increase by 0.212, so it can be concluded that the LDR (X_1) has a positive effect on ROA (Y). 3) The coefficient value of the variable CAR (X_2) has a positive value of 0.281, meaning that if the value of CAR (X_2) increases by one unit, the ROA (Y) will increase by 0.281, so it can be concluded that CAR (X_2) has a positive effect on ROA (Y). 4) The variable coefficient of the proportion of independent commissioners (X_3) has a negative value of 0.266, meaning that if the value of the proportion of independent commissioners (X_3) increases by one unit, ROA (Y) will decrease by 1.510, so it can be concluded that the proportion of independent commissioners (X_3) has a negative effect on ROA (Y).

Adjusted Rsquare value of 0.225. This indicates that the profitability (Y) is explained by 22.5% by the variable LDR (X_1), CAR (X_2), the proportion of independent commissioners (X_3), the rest is explained by other variables not included in model or research.

This F count value is greater than the F table value of 2.67 and the significance value F of 0.000 this value is smaller than 0.05, so it can be concluded that there is an influence of LDR (X_1), CAR (X_2), the proportion of independent commissioners (X_3), to The dependent variable is ROA (Y) simultaneously. These variables are able to explain the phenomenon of profitabiliy in banking companies listed on the Indonesia Stock Exchange in 2014-2018.

The LDR variable has a significance value of t of 0,000 which is smaller than 0.05. This means that the LDR has a positive effect on ROA, so H1 is accepted. CAR variable has a significance value of t of 0.000 which is less than 0.05. This means that the CAR has a positive effect on ROA, so H2 is received.

The classic assumption test consists of normality test, autocorrelation test, heteroscedasticity test, and multicollinearity test. The Kolmogorov-Smirnov test results show that the first and second equations of the Asymp.Sig. (2-tailed) equation are 0.200. The resulting value is greater than significant 0.05 so it can be concluded that the data follows the normal distribution. Therefore, the assumption of normality has been fulfilled. The autocorrelation test results based on the Durbin-Watson table with N 150 and many independent variables 3 obtained upper boung (dU) values of 1,774 and 4-dU of 2,226. Can be seen the DW value is between the boundary or upper boung (dU) and 4- dU, the second equation is 1.928. So that the DW value is between dU and 4-dU, thus it can be concluded that there is no autocorrelation. Heteroscedasticity test results showed that all the independent variables used had tolerance values greater than 0.10 and the resulting VIF value was smaller than 10. So it can be concluded that there was no multiple correlation (multicollinearity) between the independent variables. Therefore the multicollinearity assumption has been fulfilled. Multicollinearity test results showed that all independent variables used in the study had a value greater than 0.05, it can be concluded that there was no heteroscedasticity.

The Effect of Loan to Deposit Ratio on Bank Profitability

The higher the LDR, the higher the company's profitability will be. The high profitability reflects good performance. This confirms stakeholder theory which states that the company does not only operate for its own interests but rather to provide benefits to the stakeholders. Through a high LDR, the better ROA will be, so that it benefits stakeholders. This research also confirms the signal theory that LDR can reflect the profitability so that the company can provide signals or information to external parties. The high LDR also shows that the use of funds is running effectively because the funds have been distributed in the form of loans and generate interest from these loans. The high LDR reflects a good profitability, so the company can give a positive signal to the company. This is in line with research conducted by Apriyantari & Ramantha (2018), Lukitasari & Kartika (2015), and Karuniawati (2017) which states that LDR has a positive effect on ROA.

The Effect of Capital Adequacy Ratio on Bank Profitability

The higher the CAR, the higher profitability will be. This confirms stakeholder theory which states that the company must benefit the stakeholders. The higher the CAR, the more capital the company invests so that it doesn’t interfere with the company's operational activities. The company's activities that run well will increase the bank profitability, if the

profitability increase, it will give the stakeholders benefit. This research also confirms the signal theory where CAR can reflect profitability so that the company can provide signals or information to external parties. Bank capital can cover the decline in assets, so the higher the CAR, the better the condition of the bank. The better the condition of the bank, the better the profitability of the bank. This is in line with research by Widati (2012), Triningtyas & Mutaher (2013), Akbar (2012) which states that CAR has a positive effect on ROA.

The Effect of Loan to Deposit Ratio on Bank Profitability with Independent Commissioners as Moderating Variable

The incompatibility of this research results with the hypothesis does not confirm stakeholder theory which states that the company must provide maximum benefits to its stakeholders. The number of independent commissioners in a company does not affect the amount of LDR in an effort to increase ROA that will benefit stakeholders. Oversight by an independent commissioner does not affect the actions of the company in managing cash, lending and interest receipts, which will affect the amount of the LDR and affect the ability of the company's profits. The management of the company is carried out by the directors of the company is good so that the independent commissioner has no effect on the management of the LDR as an effort to increase the profitability. The role of an independent commissioner is only to obey applicable regulations, so that if there is no fraud the independent commissioner does not affect the actions of the company's management to increase the LDR so that the profitability increases. Judging from the number of independent commissioners in a company, there are not as many members of the board of directors, so the board of directors dominates in every decision-making. The absence of direct influence on company actions shows that the implementation of Good Corporate Governance (GCG) has gone well. Independent commissioners are part of the board of commissioners but are neutral (independent) and there is no interference from the company so that only tasked with overseeing and controlling so as not to violate applicable regulations, so that many independent commissioners are unable to moderate the influence of LDR on financial performance in accordance with principles of accountability and independence. This study is in line with research by Tertius & Christiawan (2015) and Romano et al., (2012) which states that the proportion of independent commissioners has no effect on ROA.

The Effect of Capital Adequacy Ratio on Bank Profitability with Independent Commissioners as Moderating Variable

The results of this research do not confirm stakeholder theory which states that company management provides benefits or benefits to stakeholders. The number of independent commissioners does not affect the amount of CAR to increase ROA so that it will benefit stakeholders. The number of independent commissioners is not able to influence the management of capital availability in a company. Independent commissioners do not effectively influence the company in managing the minimum and maximum amount of capital that will affect the profitability, because there is no fraud in the company and the performance of the board of directors is good, so that the independent commissioner does not affect CAR management as an effort to increase the company's profitability. The smaller number of independent commissioners than the board of directors causes decision making to be more dominated by the board of directors. The duty of the independent commissioner is only to supervise so that the decision does not violate existing rules. The large number of independent commissioners does not moderate the effect of CAR on financial performance, demonstrating good management of GCG. In GCG there are principles of accountability and independence. Commissioners can’t influence the company's actions in managing adequate capital availability. This means there is a clear separation of duties because independent commissioners only supervise not to interfere in making decisions. This is in line with research Eksandy (2018), Nopiani, Sulindawati, & Sujana, (2015), Koerniadi & Tourani-Rad (2012) which states that the proportion of independent commissioners has no effect on profitability

The theoretical implication of this research is that the results of this study confirm stakeholder theory where good LDR and CAR management can increase ROA so that it impacts on stakeholder welfare. This research provides empirical evidence that LDR has a positive effect on ROA. The higher the LDR, the higher the interest income. High interest income will increase the profitability. This research provides empirical evidence that CAR has a positive effect on ROA. The more capital invested, the company will not lack capital in carrying out its activities so that financial performance is increasing. The results confirm the signal theory where LDR and CAR are able to reflect the profitability which is a picture of the condition of the company so that the company can give a signal to stakeholders. This research shows that LDR and CAR have a positive effect on ROA. This means that the ability to profit can be described through the management of LDR and CAR. The practical implications of this research are as input to companies to always pay

attention to LDR and CAR so that the company's profitability will be better. Good profitability will benefit the stakeholders. However, the existence of an independent commissioner in a company cannot help maintain LDR and CAR so that it can achieve maximum ROA. For investors this research is useful in making decisions by looking at the LDR and CAR ratios that reflect how the company conditions.

V. CONCLUSION

Based on the previous explanation, the conclusion that can be taken is Loan to Deposit Ratio (LDR) has a positive effect on ROA. The higher the LDR, the ROA increases. Capital Adequacy Ratio (CAR) has a positive effect on ROA. The higher the CAR, the higher ROA. The proportion of independent commissioners does not moderate the effect of LDR on ROA. The number of independent commissioners does not affect the company's actions in managing LDR as an effort to increase the profitability. The proportion of independent commissioners does not moderate the effect of CAR on ROA. The number of independent commissioners does not affect the company's actions in managing capital availability or CAR as an effort to increase the profitability. Suggestion that can be delivered is Adjusted R^2. Value in the table of 21.9% shows that 21.9% of profitability can be explained by LDR and CAR variables with the proportion of independent commissioners as moderating variables, the remaining 78.1% is explained by other factors that are not included in this research. Future researches are also expected to conduct research on different sector companies on the Indonesia Stock Exchange. The results showed that LDR and CAR have a positive effect on ROA so that companies are expected to pay more attention to LDR and CAR so that the profitability can continue to increase and benefit the company and stakeholders.

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