CAPITAL ADEQUACY RATIO DETERMINANTS
SHARIA COMMERCIAL BANK

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ABSTRACT

The aims of this study was to examine the effect of ROA, FDR and NPF on the Capital Adequacy Ratio at Islamic Commercial Banks in Indonesia Registered with the Financial Services Authority for the 2018-2020 Period With Size and Third Party Funds as Control Variables. The population in this study are Islamic Commercial Banks registered with the Financial Services Authority in the 2018-2020 period. The samples used in this study were 38 sharia commercial banks using purposive sampling method. The data used is secondary data obtained from the Annual Financial Report (Annual Report) of Islamic Commercial Banks in Indonesia in the 2018-2020 period. By using multiple linear regression analysis, the results of this study indicate that ROA, FDR have a positive and significant effect on Capital Adequacy Ratio (CAR). NPF has a negative and insignificant effect on CAR. Size has a positive and insignificant effect on the CAR. Third Party Funds have a negative and insignificant effect on CAR.

Keywords: Capital Adequacy Ratio, Return on Assets, Financial to Deposit Ratio, Non Performing Financing, SIZE, Third Party Funds

INTRODUCTION

The Islamic banking system in Indonesia is carried out in a dual banking system within the framework of the Indonesian Banking Architecture (API), to present a more complete alternative banking service to the Indonesian people. Synergistically, the sharia banking system supports the mobilization of public funds more broadly to increase financing capabilities for sectors of the national economy.

The enactment of Law no. 21 of 2008 concerning sharia banking which was issued on July 16 2008, the development of national sharia banking has an adequate legal basis and encourages faster growth. The impressive development of Islamic banks which have achieved an average asset growth of more than 65% per year in the last five years, it is hoped that the role of Islamic banking in supporting the national economy will become more significant. Based on the carrying out of its activities, Islamic banks are classified into Islamic Commercial Banks and Islamic Business Units. Islamic commercial banks are Islamic banks which in carrying out their activities provide services in payment traffic. Meanwhile, the sharia business unit is a work unit from the head office of a conventional commercial bank that carries out business activities based on sharia principles. So that sharia commercial banks are certainly more stable in their development in Indonesia, apart from that, sharia commercial banks are better known among the public than sharia business units. Seen in table 1 regarding the development of Islamic commercial banks and Islamic business units in Indonesia as follows:

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Table 1. Sharia Banking Office Network

Indicator	2018	2019	2020
BUS			
Number of Banks	14	14	14
Number of Offices	1.825	1.875	1.919
UUS			
Number of Conventional Commercial Banks that have UUS	21	20	20
Number of Offices	344	354	381

Source: Sharia Banking Statistics (ojk.go.id)

Table 1 can be seen that in 2018-2020 there has been an increase in the number of Sharia Commercial Bank Offices and the Number of Sharia Commercial Unit Offices, except for the Number of Conventional Commercial Banks that have UUS. The increase in Islamic banking in Indonesia proves the high public interest in Islamic banking in Indonesia (Hardian, 2014). Meanwhile, according to Irman (2016) the increase in Islamic banking in Indonesia is influenced by a good corporate image, the principle of profit sharing is based on trust and the ease of conducting transactions in Islamic banking. The increase in Islamic banking in Indonesia must of course be balanced with an increase in the quality of Islamic banks to maintain public trust by maintaining the soundness of Islamic banks.

Measurement of the soundness level of Islamic banks is based on sharia principles which is carried out by taking into account the factors of Capital, Assets Quality, Management, Earnings, Liquidity and Sensitivity Risk Market (CAMELS). The soundness level of Islamic banks is regulated by the provisions of Circular Letter Number 9/24/DPbS dated October 30, 2007 regarding the procedures for evaluating the soundness level of commercial banks based on sharia principles. According to Cynthia (2012) that one of the indicators to determine the soundness of a bank is the capital indicator (Capital). The capital indicator serves to maintain confidence in banking activities in operating as an intermediary institution. Capital indicators must be considered considering that the banking mechanism relies on public trust. The main source of Islamic banking comes from core capital and quasi-equity. Core capital is bank capital derived from capital paid up by shareholders, reserves and retained earnings. Bank core capital is used as a buffer for bank losses and safeguarding the interests of deposit account holders (wadi'ah) or qard loans (Arifin, 2009). Meanwhile, quasi-equity is a bank fund recorded in a profit-sharing account (mudharabah).

The capital aspect is an assessment of the level of adequacy of bank capital to deal with current or future risks. The level of bank capital adequacy can be measured by the capital adequacy ratio (Capital Adequacy Ratio). Capital Adequacy Ratio (CAR) is a ratio that serves to measure the level of capital adequacy of a bank to compare capital with RWA. The higher the bank's CAR, the better the bank's ability to bear risks from credit or risky assets. Based on Bank Indonesia regulations, the minimum CAR that must be held by commercial banks is 8% of weighted (risk) assets. The following is related to the condition of Islamic Commercial Banks in Indonesia in 2018-2020 which is described by the CAR ratio as shown below.

Table 2. Average CAR of Islamic Commercial Banks in Indonesia in 2018-2020

Year	Average CAR
2018	17,91 %
2019	20,39 %
2020	20,59 %

Source: Sharia Banking Statistics (ojk.go.id) processed data

Table 2 shows that the average CAR for Islamic banks in Indonesia in 2018-2020 met the minimum limit of 8% based on that set by Bank Indonesia and has fluctuated every year. In 2018 the average CAR of Islamic Commercial Banks in Indonesia can be said to be high, namely 17.91% due to the minimum that must be owned by commercial banks of 8% of weighted (risk) assets. In 2019 the average CAR of Islamic Commercial Banks in Indonesia has increased to 2.48% and the average CAR of Islamic Commercial Banks is 20.39% exceeding the minimum CAR that must be owned by commercial banks of 8% of weighted assets (risk). And in 2020 the average CAR of Islamic Commercial Banks in Indonesia has increased by 0.2% and the average CAR of Islamic Commercial Banks in Indonesia is 20.59%, exceeding the minimum CAR that must be owned by commercial banks of 8% of weighted assets (risk). In addition, inadequate capital also affects the expansion of Islamic banking assets in Indonesia. Currently, of the 14 Islamic commercial banks, 10 Islamic commercial banks have a core capital of less than IDR 2 trillion, and there are no Islamic commercial banks that have a core capital of more than IDR 5 trillion. This has an impact on Islamic commercial banks not being able to freely open branch offices, develop infrastructure and develop their segment services.

Some of the results of research on financial ratios were carried out by Mahardika K (2019); and Mahardika P (2019) show that ROA has a significant positive effect on CAR. But contrary to Fatimah's research (2014); and Mursal (2019) that ROA has a significant negative effect on CAR. Another study was conducted by Andhika (2016); and Syaichu, R.O (2016) that FDR has a significant positive effect on CAR. However, the results of this study are in contrast to Mahardika K (2019); and Mahardika P (2019) that FDR has a significant negative effect on CAR. The results of Mahardika P's research (2019) found NPF had a significant positive effect on CAR. However, the results of Mulazid (2017) contradict that FDR has no significant effect on CAR. Based on the phenomena and results of previous studies which are still diverse, the researchers aim to re-test related to financial ratios in influencing CAR (Capital Adequacy Ratio) in Islamic Commercial Banks.

THEORETICAL FOUNDATION AND HYPOTHESIS DEVELOPMENT
Financial Intermediation Theory

The theory of financial intermediation discusses one of the functions of banking institutions, that banks have a big task as a dominant supporter in a country's economy with the task of intermediary funds from parties with excess funds to those with shortages of funds. Banking has an important role in the economy, namely to expedite the payment process, achieve financial stability and as an executor of monetary policy, banking conditions must be precisely stable (Jhon Gurley, 1956).

This intermediary function is important so that the wheels of the economy can continue to run well so as to achieve economic stability. This is done by banks in allocating customer funds to those who need funds in the form of credit loans. Lending is a banking business to earn profit

from the difference between the interest and the funds returned by the borrower. The higher the banking intermediation value, the better the banking condition.

Financial intermediation is the main function of conventional and Islamic banking, namely the process of purchasing excess funds from the business sector, government and households, to be channeled to economic units that lack funds (Siringoringo, 2012). Goldsmith (1969), Mckinnon (1973), and Shaw (1973) suggested that an organized financial structure affects the acceleration of economic growth through the way those who have excess funds help those who lack funds.

Capital Adequacy Theory

Capital is one of the things that is very important for banks, that capital is used to protect banks from possible risks of loss resulting from the movement of bank assets, some of which come from third party loans. Bank's own capital is an amount of cash that has been deposited by the owner and other sources originating from within the bank itself consisting of core capital and supplementary capital (Hasibuan, 2006: 61). Capital shows the bank's ability to maintain sufficient capital and the ability of bank management to identify, supervise and control risks that arise and can affect the amount of bank capital (Prastiyaningtyas, 2010).

Capital adequacy is a regulation of a banking company that is agreed upon by the company in handling its capital. CAR is a capital ratio that shows the bank's ability to provide funds for business development purposes and accommodate the risk of loss of funds caused by bank operations (Ali, 2004).

Most banks will take a larger risk policy in the hope that the expected rate of return will be higher so that it can help increase bank capital. This condition is one of the risks associated with low capital adequacy that can affect banking operations. Regarding bank bankruptcy, this risk is absorbed by banks and customers (Ochei, 2013).

Effect of Profitability on Capital Adequacy Ratio

Profitability is the company's ability to generate profits as company capital. Bank Indonesia states that measuring profitability can use Return on Assets (ROA), because the value of bank profitability is measured using bank assets originating from public deposits. So that ROA can represent what is used in measuring bank profitability. On the other hand, Hery (2015) stated that ROA is a ratio that serves to show how much the contribution of assets is in generating net income. The higher the ROA, the company's performance increases because the returns received are higher. On the other hand, the lower the ROA, the worse the company's performance is because the return received is small. Banking profitability can be said to be adequate and good if the ROA ranges from 0.5% to 1.25%. The equation for the ROA formula is according to the Financial Services Authority Circular Letter Number 10/SEOJK.03/2014, namely ROA = (Profit Before Tax:Total Assets).

When the ROA ratio of a bank is getting bigger, the profit earned by the bank will certainly also increase. Furthermore, most of the profit earned is allocated in capital, so that when a bank earns a large profit, the bank's capital will also increase and the Capital Adequacy Ratio (CAR) will increase. Research by Irawan and Anggono (2015), Abusharba et al. (2013), Nuviyanti and Anggono (2014), Sakinah (2013) and showed results that Return On Assets (ROA) has a positive and significant effect on Capital Adequacy Ratio (CAR). This explanation will formulate the following hypothesis.

H1: Return on Assets has a positive effect on the Capital Adequacy Ratio

The Effect of Liquidity on the Capital Adequacy Ratio

Liquidity serves to measure the company's ability to meet short-term obligations in a timely manner. The instrument for measuring liquidity in Islamic Commercial Banks is the Financial to Deposit Ratio (FDR). FDR is a ratio to find out the composition of the amount of financing provided compared to the amount of public funds and the bank's own capital used/total third party funds (Anam (2018). FDR also describes the level of a bank's ability to channel third party funds to banks and describes the ability of banks to repay withdrawals made by customers by relying on credit as a source of liquidity. The higher the FDR, the lower the bank's liquidity capacity. Bank Indonesia sets the maximum FDR amount at 110%. If the bank experiences an increase in profits, the distribution of funds to financing also increases. So that management needs to manage funds collected from the public so that they can be channeled back into forms of financing that have an impact on increasing bank income. The FDR formula is in accordance with the Financial Services Authority Circular Letter Number 18/SEOJK.03/2015: FDR = (Total Funding:Total DPK).

The function of the bank as an intermediary institution, especially in channeling credit or financing to Islamic banks, has an important role for the movement of the economy. Through the distribution of financing, the bank can gain profit. If the FDR ratio is high, then the amount of financing provided by Islamic banks is greater. This condition will increase bank profits. Profits of Islamic banks will be allocated to capital, so that the greater the financing, the capital obtained will also increase. Oktaviana and Syaichu's research (2016); Rahayu (2008); Abusharba et. al (2013); and Sakinah (2013) found that FDR had a positive and significant effect on CAR. This explanation will formulate the following hypothesis.

H2: The Financial to Deposit Ratio has a positive effect on the Capital Adequacy Ratio

Effect of Asset Quality (NPF) on the Capital Adequacy Ratio

Continuity of the bank's business related to the ownership of productive assets requires bank management to always monitor and analyze the quality of its productive assets. The quality of earning assets has a relationship with the credit risk faced by banks due to the provision of financing. Assessment of bank credit quality can be determined by knowing the collectibility level. Banks with a high level of collectibility and have sufficient earning assets, the capital requirements are obtained from profits. However, if the bank suffers a loss, there will be a decrease in bank capital.

The quality of assets in Islamic commercial banks can be measured using Non Performing Finance (NPF). NPF is non-current financing or financing in which the debtor meets the requirements regarding repaying the principal loan, increasing margin deposits, and increasing collateral (Rivai, et al., 2013). The higher the NPF, the higher the level of financing. Meanwhile, the lower the NPF, the lower the level of financing. According to the Financial Services Authority Regulation Number 15/POJK.03/2017 concerning Determination of Status and Follow-Up Supervision of Commercial Banks, it stipulates that the maximum NPF is 5%. The NPF formula is according to the Financial Services Authority Circular Letter Number 18/SEOJK.03/2015: NPF=(Problematic Financing:Amount of Financing).

Assessment of the quality of earning assets is carried out by determining the collectibility level, which is the smoothness of payment of customer obligations based on the number of days in arrears. Banks with high collectibility and sufficient earning assets, the bank's capital requirements can be obtained from these profits. However, if you experience a loss, your capital will decrease. NPF is used to measure the quality of a bank's assets and describes the bank's capacity to spread risk and recover from payment failures. Referring to the theory of asset quality, the effect of non-performing financing on the level of capital adequacy is that if

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problematic financing occurs it will reduce the amount of income that will be received by the bank, so that the bank will use existing capital to finance its operational activities. When congestion often occurs, the bank's capital will be increasingly eroded and will reduce the amount of CAR. Oktaviana and Syaichu's research (2016); Abusharba et al. (2013); Khaled et al. (2013) showed that NPF had a negative and significant effect on CAR. This explanation will formulate the following hypothesis.

H3: Non-Performing Finance has a negative effect on the Capital Adequacy Ratio

Size

The size of the corporation describes the size, scale or variables that describe the size of the company based on several conditions. Size can be proxied by the total assets owned by Islamic commercial banks (Avaid, et. al., 2011). In general, large Islamic commercial banks tend to have large total assets, of course, have large bank capital as well. However, it depends on the management and utilization of bank assets so that if these assets can be managed properly, it will add a large profit to the bank's capital. Conversely, if the assets owned cannot be managed properly, it will reduce the capital of Islamic commercial banks. Total assets owned by banks are basically formed from funds that can be collected (Pandia, 2012). The majority are productive assets or in the form of other assets. Productive assets of Islamic commercial banks such as securities, profit sharing, financing and so on.

Third Party Funds (DPK)

Third party funds (DPK) are an important source of funds for the operational activities of Islamic commercial banks. DPK are all funds that can be collected by banks, that these funds come from the public (Kasmir, 2006). The existence of third party funds can be used to carry out the operations of Islamic commercial banks as well as to become Islamic commercial bank capital. Fundraising at Islamic commercial banks uses the same instruments as conventional commercial banks, namely demand deposits, savings and time deposits. However, in Islamic commercial banks there are different contracts in each instrument so that the customer agreement contract with the Islamic commercial bank becomes more transparent and clear. The activities of collecting and distributing financing are the main focus in the activities of Islamic commercial banks. In order to be able to channel financing optimally, banks must have the ability to collect DPK as a source of capital for Islamic commercial banks. The third party funds can consist of current accounts, savings, and time deposits.

METHODOLOGY

This study uses quantitative data. The population of this study are Islamic Commercial Banks registered and recognized by Bank Indonesia and the Financial Services Authority for the 2018-2020 period. This research was conducted to analyze the factors that influence the Capital Adequacy Ratio at Islamic Commercial Banks in Indonesia that are registered with the Financial Services Authority for the 2018-2020 period. While the selected sample used purposive sampling method with the following criteria:

1. Islamic Commercial Banks that publish annual financial report data from 2018-2020
2. Have complete data needed for research in 2018-2020.

Based on the sample selection criteria that have been carried out, the samples that meet the criteria are 38 Islamic Commercial Banks. The analysis technique uses multiple linear regression with the following equation:

$$CAR = b_1\,ROA + b_2\,FDR + b_3\,NPF + b_4\,Size + b_5\,DPK$$

RESULTS AND DISCUSSION
Deskriptif Statistic

Descriptive statistics provide information about the distribution of research data and provide an overview of research variables to explain or draw conclusions as shown in table 3 below.

Table 3 Descriptif Statistic

	N	Minimum	Maximum	Mean	Std. Deviation
CAR	38	,11	,75	,2388	,13049
ROA	38	,00	,12	,0177	,01025
FDR	38	,14	,99	,6711	,24931
NPF	38	,00	,95	,7462	,01309
SIZE	38	6,92	12,25	12, 18	12,07
DPK	38	6,65	13,21	13,09	13,03

Source: Secondary data processed, 2021

Table 3 shows a descriptive statistical analysis regarding Capital Adequacy Ratio (CAR), Return On Assets (ROA), Financial to Deposit Ratio (FDR), Non Performing Financing (NPF), Size and Third Party Funds (DPK) in the 2018-2020 period as following:

1. Capital Adequacy Ratio (CAR) obtained a minimum value of 0.11 and a maximum value of 0.75. The minimum value is owned by PT Bank BRI Syariah, Tbk in 2017 and the maximum value is owned by PT Bank BTPN Syariah, Tbk. The average CAR shows a value of 0.2388 with a standard deviation of 0.13049. In general, CAR conditions show low

2. Return On Assets (ROA) obtained a minimum value of 0.00 and a maximum value of 0.12. The minimum value is owned by PT Bank Victoria Syariah in 2019, PT Bank Syariah Bukopin from 2017 to 2019 and the maximum value is owned by PT Bank BTPN Syariah, Tbk in 2019. The average ROA shows a value of 0.0177 with a standard deviation of 0.02925. In general, ROA conditions show low.

3. Financial to Deposit Ratio (FDR), obtained a minimum value of 0.14 and a maximum value of 0.99. The minimum value was owned by PT Bank Jabar Banten Syariah in 2017 and the maximum value was owned by PT Mega Syariah in 2018. The average FDR shows a value of 0.67105 with a standard deviation of 0.24306. In general, the FDR condition is relatively high.

4. Non Performing Financing (NPF) obtained a minimum value of 0.00 and a maximum value of 0.95. The minimum value is owned by PT Bank Mega Syariah in 2018, PT Bank BCA Syariah from 2017 to 2018, PT Bank BTPN Syariah and PT Bank Aceh Syariah in 2017-2019 and the maximum value is owned by PT Panin Dubai Syariah,Tbk in 2018 The average NPF shows a value of 0.0946 with a standard deviation of 0.21309. In general, the NPF condition shows low.

5. Size obtained a minimum value of 6.92 and a maximum value of 12.25. The minimum value is owned by PT Bank BTPN Syariah, Tbk in 2017 and the maximum value is owned by PT Bank Aceh Syariah in 2018. The average size shows a value of 12.18 with a standard deviation of 12.07. In general, the size condition shows height.

6. Third Party Funds (DPK) obtained a minimum value of 6.65 and a maximum value of 13.21. The minimum value is owned by PT Bank BTPN Syariah, Tbk and the maximum value is

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owned by PT Bank Aceh Syariah. The average DPK shows a value of 13.09 with a standard deviation of 13.03. In general, the condition of DPK shows high.

Classical Assumption Test Results

Multivariate analysis requirements as statistical requirements that must be met in multiple linear regression analysis based on ordinary least squares (OLS). The classic assumption tests that are commonly used are the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. Normality test to assess the distribution of data in a group of data or variables has a normal distribution or not. The normality test results obtained a skewness value of -0.191 with a standard error of 0.383. While the kurtosis value is 0.926 with a standard error of 0.750. In order to obtain a Z value of -1.28 and 0.93; which lies between +/- 1.96, so it can be concluded that the data is normally distributed. Furthermore, the classical assumption test needs to be carried out as a statistical requirement that must be met in multiple linear regression analysis based on ordinary least squares (OLS).

Next is the multicollinearity test to determine whether there is a high correlation between the independent variables in the multiple linear regression model. If there is a high correlation between the independent variables the relationship between the independent variables and the dependent variable is disrupted. The multicollinearity test shows that the results of the tolerance calculation show that the ROA, FDR, NPF, SIZE and DPK variables show that the tolerance value is 0.741 respectively; 0.664; 0.225; 0.173 and 0.209 > 0.10 means that there is no interference with the correlation between variables. The VIF value calculation shows that the value is 1.349; 1.506; 4,453; 5.491 and 4.170 where the VIF value < 10, so there is no interference with the correlation between variables, it is concluded that there is no interference with multicollinearity between variables in the research regression model.

Next is the autocorrelation test to see whether there is a correlation between a period t and the previous period (t -1). In simple terms, regression analysis consists of examining the effect of the independent variables on the dependent variable so that there should be no correlation between the observations and the previous observed data. The test results show that the Durbin Watson value is 2.433, with a value of R = 0.803; R Square = 0.590 and SE Estimmate = 0.08355 located in the no conclution area. This means no decision. Next, a Runs Test is performed to test whether or not there is autocorrelation. Based on the Runs test, it has a significance value of 0.622 > 0.05, so it can be concluded that there is no autocorrelation disorder.

Furthermore, Heteroscedasticity test to find out whether there are differences that are not the same between one residue and other observations. One of the regression models that meet the requirements is that there is a similarity in the variance between the residuals of one observation and another which is called homoscedasticity. The results of the Heteroscedasticity test showed that there was one variable with a significance value below 0.05, namely Return On Assets (ROA) of 0.000. Meanwhile, the variables FDR, NPF, SIZE and DPK were 0.416 each; 0.223; 0.091 and 0.101. So it can be concluded that the regression model has heteroscedasticity. Furthermore, to overcome the heteroscedasticity problem, the white test is used. The white test is used to detect the presence or absence of heteroscedasticity by comparing the calculated chi square value with the chi square table. If the calculated chi square value < chi square table, it can be concluded that there are no symptoms of heteroscedasticity. While the calculated chi square value > chi square table, it is concluded that there is a symptom of heteroscedasticity. The results of the White test show that the value of R2 is 0.497 and N is 38. Then look for the calculated chi square value by: N x R2. So 38 x 0.497 = 18.886, while the value of the chi square

table (N = 38 and α = 0.05) is 53.3835. So it can be concluded that 18.886 < 53.3835, which means there are no symptoms of heteroscedasticity.

Model Fit Test

The results of testing the value of the coefficient of determination show that the adjusted R Square value is 0.645 or 64.50%. This can be interpreted that variations in the variables Return On Assets (ROA), Financial to Deposit Ratio (FDR), Non Performing Financing (NPF), Size and Third Party Funds (DPK) can explain variations in the Capital Adequacy Ratio (CAR) variable of 64 .5% while the remaining 35.5% is explained by other variables not observed in this study.

The results of the calculation of the F test, obtained a calculated F value of 10.309 and a significance value of 0.000. This shows 0.000 < α = 0.05. So it is concluded that Return On Assets (ROA), Financial to Deposit Ratio (FDR), Non Performing Financing (NPF), Size and Third Party Funds (DPK) have a joint effect on Capital Adequacy Ratio (CAR) in Islamic commercial banks that registered with the Financial Services Authority for the 2018-2020 period.

The linear regression equation that reflects the relationship between Return On Assets (ROA), Financial to Deposit Ratio (FDR), Non Performing Financing (NPF), Size and Third Party Funds (DPK) to Capital Adequacy Ratio (CAR) can be formulated as follows:

CAR = 0.22+ 3.344 ROA + 2.153 FDR + 2.264 NPF + 0.132 Size – 0.128DPK

Based on this equation, it can be seen that the variables Return On Assets (ROA), Financial to Deposit Ratio (FDR), Non Performing Financing (NPF) and Size have coefficients that are positive on the Capital Adequacy Ratio (CAR). Meanwhile, Third Party Funds (DPK) have a negative coefficient on the Capital Adequacy Ratio (CAR).

Hypothesis testing

The results of hypothesis testing appear in table 4 as follows.

Table 4. Hypothesis test results

Variable	Coefficient	Sig.	Decision
ROA	3.344	0,000	H1 is supported
FDR	2.153	0,048	H2 is supported
NPF	-2.264	0,045	H3 is supported
Size	0.132	0,076	
DPK	- 0.128	0,292	

Source: Secondary data processed, 2021

1). Return On Assets (ROA) has a significance value of 0.000 <0.05. This means that Return On Assets has a significant positive effect on the Capital Adequacy Ratio (CAR) in Islamic commercial banks registered with the Financial Services Authority in the 2018-2020 period. H1 is supported.

2) Financial to Deposit Ratio (FDR) has a significance value of 0.048 <0.05. This means that the Financial to Deposit Ratio (FDR) has a positive effect on the Capital Adequacy Ratio (CAR) in Islamic commercial banks registered with the Financial Services Authority in the 2018-2020 period. H2 is supported.

3) Non Performing Financing (NPF) has a negative significance value of 0.045 <0.05. This means that Non-Performing Financing (NPF) has an effect on the Capital Adequacy Ratio (CAR) in Islamic commercial banks registered with the Financial Services Authority in the 2018-2020 period. H3 is supported.

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4) Size has a significance of 0.076 > 0.05. This means that Size has no effect on the Capital Adequacy Ratio (CAR) in Islamic commercial banks registered with the Financial Services Authority in the 2018-2020 period.

5) Third Party Funds (DPK) has a significance value of 0.292 > 0.05. This means that Third Party Funds (DPK) have no effect on the Capital Adequacy Ratio (CAR) at Islamic commercial banks registered with the Financial Services Authority in the 2018-2020 period.

CONCLUSIONS

This study aims to analyze several factors that influence the capital adequacy ratio at Islamic Commercial Banks Registered with the Financial Services Authority for the 2018-2020 period. Based on the analysis and discussion it can be concluded as follows:

1. Return On Assets (ROA) has a significant positive effect on CAR in Islamic commercial banks registered with the Financial Services Authority in the 2018-2020 period.

2. The Financial to Deposit Ratio (FDR) has a significant positive effect on CAR in Islamic commercial banks registered with the Financial Services Authority in the 2018-2020 period.

3. Non-Performing Financing (NPF) has a significant negative effect on CAR in Islamic commercial banks registered with the Financial Services Authority in the 2018-2020 period.

4. Size has a positive and insignificant effect on CAR in Islamic commercial banks registered with the Financial Services Authority in the 2018-2020 period.

5. Third Party Funds (DPK) did not have a negative effect on CAR at Islamic commercial banks registered with the Financial Services Authority in the 2018-2020 period.

6. ROA is the dominant variable affecting CAR, meaning that the most dominant variable is a variable that has a significant effect with beta getting further away from zero (0)

7. The research implications can be used by stakeholders in decisions related to capital investment, and as a consideration of factors that have an influence on CAR. Meanwhile, banks pay more attention to factors that can increase CAR.

Some of the limitations that exist in this study include the following:

1. There was a disturbance in the autocorrelation test in the Durbin Watson test so that a run test was needed.

2. There was a disturbance in the heteroscedasticity test on the ROA variable through the Glejser test so that a white test was needed.

3. The number of research samples is limited, due to the lack of completeness of corporate data

Due to the existing limitations, it is recommended that for further research it is necessary to develop other variables such as ROE and NIM as well as indicators of Islamic financial ratios.

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