



Analysis of the Influence of Non-Performing Finance (NPF) and Operating Costs and Operating Income (BOPO) on Return on Assets (ROA) at Bank Syariah Indonesia KCP Medan Padang Bulan

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ABSTRACT

This study aims to examine the effect of Non Performing Financing (NPF) and Operating Expenses to Operating Income (BOPO) on Return on Assets (ROA) at Bank Syariah Indonesia KCP Medan Padang Bulan during the 2021–2024 period, considering the importance of profitability as an indicator of Islamic bank performance. This research adopts a quantitative approach using secondary time-series data obtained from quarterly financial reports, which are analyzed through multiple linear regression with the assistance of SPSS version 25. The findings indicate that NPF has a negative but insignificant effect on ROA, suggesting that fluctuations in problematic financing did not significantly affect profitability during the observation period. Conversely, BOPO is found to have a negative and significant effect on ROA, confirming that operational inefficiency substantially reduces bank profitability. Simultaneously, NPF and BOPO significantly influence ROA, highlighting the combined role of financing risk and operational efficiency in shaping financial performance. These results imply that management should prioritize improving operational efficiency while maintaining prudent financing risk control to enhance sustainable profitability. Focus on a branch-level Islamic banking unit using consecutive quarterly data, providing micro-level empirical evidence that complements prior studies predominantly conducted at the corporate or national banking level.

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1. INTRODUCTION

The development of Islamic banking in Indonesia shows a positive trend, with PT Bank Syariah Indonesia Tbk (BSI) being a major player. However, growth must be balanced with healthy financial performance. Return on Assets (ROA) is a key profitability indicator that measures a bank's effectiveness in utilizing assets to generate profits (Munteanu & Ilie, 2021).

Profitability is the ability or strength of a company to generate profits. Various comparative ratios can be used to assess a company's profitability, such as ROA, ROE, GPM, and NPM. This study uses profitability, specifically the Return on Assets (ROA) scale, because it can demonstrate a bank's profit achievement and the efficiency of asset utilization to generate profits, as evidenced by the company's ROA (Isayas, 2022). In Islamic banking operations, two important factors influencing profitability are the quality of productive assets and the efficiency of operational costs. Non-Performing Financing (NPF) indicates financing quality, with high NPFs impacting revenue declines and increased provisioning costs (Ozili, 2019). Meanwhile, Operating Costs and Operating Income (BOPO) reflect a bank's operational efficiency (Akbar, 2023).

Non-Performing Finance (NPF) is a component that influences a bank's profitability. Non-Performing Loan (NPF) is an indicator of non-performing loans. The NPF ratio is used to measure a bank's management's ability to manage non-performing loans. BOPO is the ratio between operating costs and operating income. A lower BOPO ratio indicates better bank management performance due to more efficient use of existing resources (Adelia, 2025).

BOPO is used to measure a bank's efficiency and ability to conduct its operations. High costs incurred to generate profits result in low operational efficiency, which leads to declining profitability. If an increase in a bank's operating costs is accompanied by a greater increase in operating income, this will impact return on assets (ROA) (Safitri & Hendrani, 2020).

Bank Syariah Indonesia KCP Medan Padang Bulan is an operational unit whose performance is significantly influenced by financing management and cost efficiency at the local level. Based on this background, this study aims to analyze the effect of Non-Performing Financing (NPF) and Operating Expenses (BOPO) on ROA at BSI KCP Medan Padang Bulan, providing more contextual operational insights than studies at the corporate level.

According to (Ali, 2007), if financing provided by a bank to a debtor is not repaid, resulting in potential bank losses, it constitutes a financing risk. Islamic banks can assess the extent of the financing risk they must accept by assessing its Non-Performing Financing (NPF) ratio, which is used to measure the bank's management's ability to manage problematic financing. This reflects that the higher a bank's NPF ratio, the higher the financing risk it will accept, and vice versa (Ishak & Pakaya, 2022).

Table 1. Financial Report of Bank Syariah Indonesia KCP Medan Padang Bulan for 2021–2024

Years	<i>Non Performing Finance</i> (In Billions of Rupiah)	BOPO (%)	<i>Return On Assets (%)</i>
2021	2,565	28,86	21,23
2022	2,811	31,3	22,28
2023	2,936	31,3	18,17
2024	2,992	30,72	18,93

Source: Bank Syariah Indonesia KCP Medan Padang Bulan (2025)

Based on the financial report data of Bank Syariah Indonesia KCP Medan Padang Bulan for 2021–2024, there is an interesting empirical phenomenon, particularly in the 2021–2022 period. Non-Performing Financing (NPF) increased from IDR 2.565 billion in 2021 to IDR 2.811 billion in 2022, which was followed by an increase in ROA. This phenomenon is inconsistent with banking risk management theory (Safitra & Kusno, 2023), where an increase in NPF negatively impacts Return on Assets (ROA) because the bank must establish a provision for impairment losses (CKPN), which reduces net profit. In the same year, the BOPO ratio also increased by 2.44%, but ROA actually increased significantly in 2021, from 21.23% to 22.28% in 2022. This condition indicates a discrepancy with operational efficiency theory (Darmawan et al., 2023). Operating Costs to Operating Income (BOPO) is an indicator of a bank's operational efficiency. Based on cost efficiency theory, a higher BOPO ratio indicates a greater cost to the bank to generate revenue, which theoretically will depress profitability and lower ROA (Rahmani, 2019).

Research conducted by (Ishak & Pakaya, 2022) shows that Non-Performing Finance (NPF) has a partial negative and significant effect on Return on Assets. This is in line with research (Qodari, 2022) that the NPF variable influences ROA by 8.4% with a significance level of 0.361. Relevant research was also conducted by (Novitri et al., 2024) and found that ROA significantly influences capital structure, with a calculated t-value of $-3.354 < 3.18245$. Another study by (Fazri Dwi Syaputra & Novien Rialdy, 2023) at BPRS Gebu Prima in Medan City showed that ROA, with a calculated t-value of $5.941 > t\text{-table of } 2.10982$, had a significant partial effect on profitability, as proxied by ROA.

Several previous studies have examined the effect of NPF and BOPO on ROA in Islamic commercial banks, but these studies are limited to those focused on the sub-branch office (KCP) level with consecutive quarterly observation periods over four years. Furthermore, research in North Sumatra, particularly Medan, is still rare. Therefore, this study is expected to complement the empirical literature at the micro-level of Islamic banking.

Profitability is an important indicator in assessing banking performance, one of which is measured through Return on Assets (ROA) (Pratama, 2024). At Bank Syariah Indonesia KCP Medan Padang Bulan, ROA fluctuations over time are suspected to be influenced by internal

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factors such as Non-Performing Financing (NPF) and BOPO (Operational Costs to Operating Income). This study was conducted to analyze the extent to which these two variables affect ROA. And, because profitability significantly influences bank health, researchers are interested in discussing whether NPF (Non-Performing Financing) on Return on Assets (ROA) affects BSI KCP Padang Bulan.

2. LITERATURE REVIEW

a. Non-Performing Financing (NPF)

NPF refers to non-performing financing or financing where the borrower fails to meet the agreed terms, such as requirements regarding principal repayment, increased deposit margins, increased collateral, and so on. Non-Performing Financing (NPF) is the ratio of non-performing financing to total financing (Yokoyama & Mahardika, 2019).

$$NPF = \frac{\text{Total Disbursed Costs}}{\text{Total Financing}} \times 100\%$$

b. Operating Expenses to Operating Income (BOPO)

BOPO is the ratio between operating expenses and operating income. A lower BOPO ratio indicates better bank management performance, as it demonstrates greater efficiency in utilizing company resources. BOPO is a factor that can influence a bank's profitability because this ratio measures the bank's efficiency and ability to carry out its operational activities (Harimawan & Sopingi, 2024).

$$BOPO = \frac{\text{Operating Expenses}}{\text{Operating Income}} \times 100\%$$

c. Return on Assets (ROA)

ROA is a ratio that measures the amount of net profit earned by a company compared to its total assets. This value indicates how much money the company has returned from all the assets allocated to it (Sofyan, 2019). According to Kasmir (2012:202), return on assets is a ratio that shows the return on the total assets used by the company and is used to measure the effectiveness of the company's overall operations. A higher ROA indicates better company performance; a lower ROA indicates poor company performance due to low returns. Profits or earnings can be an indicator for stakeholders to assess the effectiveness of management in managing a company. Profitability is measured using Return on Assets (ROA). The higher the Return on Assets ratio, the better the company's asset management. This, in turn, leads to a higher proportion of profits earned, which in turn leads to higher tax revenues, enabling companies to design tax aggressiveness (Nursita, 2023).

$$ROA = \frac{\text{Net Profit After Tax}}{\text{Total Assets}} \times 100\%$$

d. The Relationship between Non-Performing Loan (NPF), Operating Income Tax (BOPO), and ROA

Research by (Sari, 2022) demonstrated that BOPO had a significant negative effect on ROA in Islamic banks. (Zikri et al., 2023) also found a negative effect of NPF on profitability. A study by (Pranantha, 2021) confirmed that both variables simultaneously influence the financial performance of Islamic banks.

3. METHOD

This research method uses a quantitative approach. According to Sugiyono, quantitative research is used for statistical data analysis, with data collection in the form of research instruments to test hypotheses. A data collection instrument is a designated tool used to collect data systematically and more efficiently (Zaza et al., 2000).

(Sugiyono, 2019), defines a population as something that can encompass a general area where there are objects or subjects, whether individuals or other natural objects, with specific characteristics and qualifications as determined by the researcher. Therefore, the population in this study is all annual reports of BSI KCP Padang Bulan. The sample or data used is secondary time series data from quarterly reports, namely the profit and loss statements of BSI KCP Medan Padang Bulan for the period 2021-2024. This research method uses SPSS 25 software. Data collection techniques also include internal financial report documentation.

Variables and Measurement:

- a. Dependent Variable: $ROA = (\text{Net Profit}/\text{Total Assets}) \times 100\%$
- b. Independent Variables:
 - 1) $NPF = (\text{Non-Performing Financing}/\text{Total Financing}) \times 100\%$
 - 2) $BOPO = (\text{Operational Costs}/\text{Operational Income}) \times 100\%$

The methods used to analyze the data in this study are as follows (Ibrahim et al., 2023): First, the Classical Assumption Test is an analysis conducted to assess classical assumption problems that can arise in a linear regression model. The classical assumption tests used in this study are as follows: Normality Test, Heteroscedasticity Test, and Multicollinearity Test. Next, Multiple Linear Regression is a statistical method useful for identifying the relationship between two or three independent variables and a dependent variable, thereby measuring the strength of the relationship between the independent variables and the dependent variable (Lubis & Marliyah, n.d.). This study aims to determine whether NPF and BOPO influence ROA at BSI KCP Padang Bulan for the 2021-2024 period. The formula for the multiple linear regression model in this study is as follows:

$$Y = a + \beta_1X_1 + \beta_2X_2 + \dots + \beta_nX_n$$

Finally, the researcher conducted a hypothesis test. A hypothesis is a tentative answer to a formulated problem, so its validity must be empirically tested. The hypothesis tests used in this study consisted of a partial t-test and a simultaneous F-test.

4. RESULTS AND DISCUSSIONS

Results

Normality Test

Table 2. Normality Test

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		16
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,33406826
Most Extreme Differences	Absolute	,096
	Positive	,096
	Negative	-,081
Test Statistic		,096
Asymp. Sig. (2-tailed)		,200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: Processed Results of SPSS 25

Based on the test results in the Tests of Normality table, the Kolmogorov–Smirnov significance value was $0.200 > 0.05$, thus concluding that the residual data is normally distributed.

Multicollinearity Test

Table 3. Multicollinearity Test

Coefficients^a

Collinearity Statistics		
Model	Tolerance	VIF
1	BOPO,757	1,321
	NPF ,757	1,321

a. Dependent Variable: ROA

Source: Processed Results from SPSS 25

The results of the multicollinearity test indicate that all variables have a tolerance value > 0.10 or a VIF value < 10 . Therefore, it can be concluded that there are no symptoms of multicollinearity and that the multicollinearity test passes.

Heteroscedasticity Test

Table 4. Heteroscedasticity Test

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1,443E-15	2,995		,000	1,000
BOPO	,000	,400	,000	,000	1,000
NPF	,000	,250	,000	,000	1,000

a. Dependent Variable: Unstandardized Residual

Source: Processed Results from SPSS 25

Based on the heteroscedasticity test results, all variables have a significance value > 0.05 . Therefore, it can be concluded that there are no symptoms of heteroscedasticity and that the test passes.

Multiple Linear Regression

Table 5. Multiple Linear Regression

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	13,336	2,995		4,452	,001
	BOPO	-1,096	,400	-,622	-2,741	,017
	NPF	-,157	,250	-,143	-,629	,540

a. Dependent Variable: ROA

Source: Processed Results of SPSS 25

Based on the table above, the multiple linear regression equation can be constructed as follows: $ROA = 13.336 - 0.157 (NPF) - 1.096 (BOPO)$.

The explanation is as follows:

- a. The constant coefficient value of 13.336 indicates that if the Non-Performing Financing (NPF) and Operating Costs to Operating Income (BOPO) variables are zero, or if there is no Non-Performing Financing (NPF) and Operating Costs to Operating Income (BOPO), then the Return on Assets (ROA) value is 13.336.
- b. The NPF variable (X1) has a regression coefficient of -0.157 and a significance level of 0.540. This means that every one-unit increase in NPF will decrease ROA by 0.157, and conversely, every one-unit decrease in NPF will increase ROA by 0.157, assuming other variables remain constant. However, the significance value of NPF is greater than 0.05, thus concluding that NPF has a negative but insignificant effect on ROA. This means that an increase or decrease in the level of non-performing financing did not significantly impact ROA at Bank Syariah Indonesia KCP Medan Padang Bulan during the study period. Although the relationship is negative, its impact on bank profitability is not statistically strong enough.
- c. The coefficient value of the BOPO variable (X2) is -1.096 and the significance value is 0.017. This significance value is less than 0.05, thus concluding that BOPO has a negative and significant effect on ROA. This means that every one-unit increase in BOPO will decrease ROA by 1.096, assuming other variables remain constant. Conversely, every one-unit decrease in BOPO will increase ROA by 1.096. This indicates that the higher a bank's operating costs compared to its operating income, the lower its profitability performance, as measured by ROA. This condition reflects the crucial role of operational efficiency in increasing the profitability of Bank Syariah Indonesia KCP Medan Padang Bulan.

Coefficient of Determination (R-Square) Test

Table 6. Coefficient of Determination (R-Square) Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,703 ^a	,494	,416	,35885

a. Predictors: (Constant), NPF, BOPO

Source: Processed Results of SPSS 25

The R-square value is 0.494, or 49.4%. This coefficient of determination indicates that the variables Non-Performing Financing (X1) and Operating Expenses to Operating Income (X2) explain 49.4% of the ROA (Y), while the remaining 50.6% is explained by other variables.

F-Test (Simultaneous)

Table 7. F-Test (Simultaneous)

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1,634	2	,817	6,346	,012 ^b
	Residual	1,674	13	,129		
	Total	3,308	15			

- a. Dependent Variable: ROA
 - b. Predictors: (Constant), NPF, BOPO
- Source: Processed Results from SPSS 25

The significance value is $0.012 < 0.05$, with an F-test of $6.346 > 3.805565$. This indicates that the NPF and BOPO variables are simultaneous. This means that NPF and BOPO together have a significant effect on ROA in Islamic banks.

t-Test

Table 8. t-Test (Partial)

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	13,336	2,995		4,452	,001
	BOPO	-1,096	,400	-,622	-2,741	,017
	NPF	-,157	,250	-,143	-,629	,540

- a. Dependent Variable: ROA
- Source: Processed Results from SPSS 25

The partial effect of the independent variables on the dependent variable is as follows:

- a. The calculated t-value of NPF (X1) is $-.629$, $<$ the t-value of 2.144 , and has a significance level of $0.540 > 0.05$. Therefore, H_0 is accepted and H_a is rejected. Thus, it can be concluded that NPF has no effect and is not significant on ROA. This means that changes in the level of non-performing financing have not had a significant impact on bank profitability as measured by ROA. Although theoretically an increase in NPF can reduce profits, during the study period this effect was not statistically strong enough at Bank Syariah Indonesia KCP Medan Padang Bulan.
- b. The calculated t-value of the BOPO variable (X2) has a regression coefficient of -2.741 , $>$ the t-value of 2.144 , and a significance level of $0.017 < 0.05$. Therefore, H_0 is rejected and H_a is accepted. Therefore, it can be concluded that BOPO has a negative and significant effect on ROA. This means that an increase in BOPO will significantly reduce ROA. This indicates that the higher a bank's operating costs compared to its operating income, the lower its profitability. This reflects low operational efficiency, which directly impacts the financial performance of Bank Syariah Indonesia, Medan Padang Bulan Branch.

Discussions

1. The Effect of Non-Performing Financing (NPF) on Return on Assets (ROA)

Based on the results of multiple linear regression and partial t-test, the Non-Performing Financing (NPF) variable has a regression coefficient of -0.157 with a calculated t-value of -0.629 and a significance level of 0.540 , which is greater than the 0.05 significance level. These results indicate that NPF has no effect and is not significant on ROA at Bank Syariah Indonesia KCP Medan Padang Bulan. The negative direction of the relationship indicates that an increase in non-performing financing tends to reduce bank profitability. However, because this effect is not statistically significant, changes in the NPF level during the study period have not had a significant impact on the bank's ability to generate profits as measured by ROA.

These research findings align with credit risk management theory (Safitri & Kusno, 2023), which states that increasing non-performing financing (NPF) will increase the risk of default, potentially reducing bank revenue and net profit. However, this impact can be minimized if banks implement sound risk management, such as provisioning for financing losses and financing restructuring policies. This may explain why the NPF in this study did not significantly impact ROA. In Islamic financial intermediation theory (Soemitra, 2017), banks act as intermediaries between fund owners and fund users, adhering to the prudential principle. Islamic banks tend to implement strict financing selection and robust oversight mechanisms, so even if NPF increases, its impact on profitability can be controlled and does not significantly impact ROA.

The results of this study align with research (Putri & Wahyudi, 2024) that found a negative relationship between ROA and Non-Performing Financing (NPF). This study emphasizes the importance of risk management, particularly in managing Non-Performing Financing, to improve the profitability of Islamic banks. Furthermore, research (Pulungan, 2024) found that Non-Performing Financing (NPF) has been shown to impact Return on Assets (ROA) in a partial analysis. Islamic banks should continue to monitor and optimize non-performing financing within a bank. Finally, according to (Fadillah, 2023) asset growth is influenced by factors such as the Financing to Deposit Ratio (FDR), Non-Performing Financing (NPF), and Capital Adequacy Ratio (CAR).

Based on research findings, theory, and previous studies, it can be concluded that Non-Performing Financing (NPF) has a negative but insignificant effect on Return on Assets (ROA). This indicates that during the study period, the level of non-performing financing was not a major factor affecting the profitability of Bank Syariah Indonesia, Medan Padang Bulan Branch.

2. The Effect of Operating Costs and Operating Income (BOPO) on Return on Assets (ROA)

The results of multiple linear regression and t-tests indicate that the BOPO variable has a regression coefficient of -1.096 , a calculated t-value of -2.741 , and a significance level of 0.017 , which is lower than the 0.05 level. Therefore, it can be concluded that BOPO has a negative and significant effect on ROA at Bank Syariah Indonesia, Medan Padang Bulan Branch. These results indicate that the higher the BOPO ratio, the lower the ROA. Conversely, the more efficient a bank's operating costs are, the higher its profitability will be.

These research findings align with operational efficiency theory (Darmawan et al., 2023), which states that a company's ability to control operating costs significantly determines its profit level. A high BOPO reflects operational inefficiency, leading to a decline in bank profits, directly impacting ROA. Furthermore, profitability theory (Nirawati et al., 2022) states that a company's profit is influenced by the ratio between revenue and expenses. If operating costs increase faster than operating income, net profit will decline. This, in turn, causes ROA, an indicator of profitability, to decline.

The results of this study align with those of (Safitri & Hendrani, 2020), who examined the effect of the Capital Adequacy Ratio (CAR), Non-Performing Financing (NPF), Financing to Deposit Ratio (FDR), and operational efficiency (BOPO) on profitability (Return on Assets) at Islamic Commercial Banks registered with Bank Indonesia. This study showed that BOPO had a negative and significant effect on ROA, indicating that operational efficiency plays a crucial role in determining the profitability of Islamic banks. This finding aligns with research at Bank Syariah Indonesia KCP Medan Padang Bulan, which showed that an increase in BOPO significantly decreased ROA. This study also aligns with research

Analysis of the Influence of Non-Performing Finance (NPF) and Operating Costs and Operating Income (BOPO) on Return on Assets (ROA) at Bank Syariah Indonesia KCP Medan Padang Bulan | 1650 findings from (Astuti, 2022) and (Widjiantoro, 2023), which found that BOPO significantly affected ROA.

Based on the results of this research, theory, and previous studies, it can be concluded that BOPO has a negative and significant effect on ROA. This indicates that operational efficiency is a key factor in increasing the profitability of Bank Syariah Indonesia KCP Medan Padang Bulan.

3. The Simultaneous Effect of Non-Performing Financing (NPF) and Operating Costs to Operating Income (BOPO) on ROA

Based on the F-test results in Table 7, the calculated F-value was 6.346 with a significance level of 0.012, which is lower than the 0.05 level. These results indicate that Non-Performing Financing (NPF) and Operating Costs to Operating Income (BOPO) simultaneously have a significant effect on Return on Assets (ROA) in Islamic banks. This finding indicates that Islamic bank profitability cannot be explained by a single factor, but rather is the result of the interaction between financing risk, as reflected in NPF, and operational efficiency, as reflected in BOPO. Therefore, changes in these two variables simultaneously will significantly impact the bank's ability to generate profits from its assets.

Based on the theory of risk management and financial intermediation efficiency, bank profitability is largely determined by management's ability to control financing risk and manage operational efficiency in an integrated manner. The Non-Performing Loan (NPF) reflects the level of financing risk that can impact the quality of productive assets (Safitra & Kusno, 2023), while the Operating Expenses to Operating Income (BOPO) reflects the efficiency of operational costs in generating revenue (Darmawan et al., 2023). If non-performing financing and operational costs are not optimally managed, bank revenue will be depressed, impacting ROA. Conversely, effective NPF and BOPO management can maintain revenue stability and increase the bank's ability to generate profits from its assets. Therefore, theoretically, both variables simultaneously influence bank profitability.

The results of this study align with previous research by (Moorcy et al., 2020), which showed that NPF and BOPO simultaneously significantly influence ROA in Islamic banks in Indonesia. The study concluded that high levels of non-performing financing and low operational efficiency directly impact bank profitability. Furthermore, research by (Subekti & Wardana, 2022) also found that NPF and BOPO simultaneously have a significant positive effect on ROA in Islamic commercial banks. This study confirms that the profitability of Islamic banks is largely determined by management's ability to manage financing risks and operational costs simultaneously, not partially.

Based on the F-test results, theoretical basis, and support from previous research, it can be concluded that Non-Performing Financing (NPF) and Operating Costs to Operating Income (BOPO) simultaneously have a significant effect on Return on Assets (ROA) in Islamic banks. This indicates that increasing bank profitability is highly dependent on the balance between financing risk management and operational efficiency. Therefore, Islamic bank management needs to manage both aspects in an integrated manner to improve financial performance sustainably.

5. CONCLUSION

Based on the results of data analysis, hypothesis testing, and discussion regarding the effect of Non-Performing Financing (NPF) and Operating Costs to Operating Income (BOPO) on Return on Assets (ROA) at Bank Syariah Indonesia, Medan Padang Bulan Branch, the following conclusions can be drawn:

1. Non-Performing Financing (NPF) has no effect and is not significant on Return on Assets (ROA). This indicates that increasing non-performing financing tends to reduce bank profitability, but during the study period, this effect was not statistically strong enough. This indicates that Bank Syariah Indonesia, Medan Padang Bulan Branch, has relatively good financing risk management, so that NPF fluctuations have not been a major factor affecting the bank's profitability.
2. Operating Costs to Operating Income (BOPO) has a negative and significant effect on Return on Assets (ROA). These results indicate that operational efficiency plays a crucial role in determining bank profitability. The higher the BOPO ratio, the lower the resulting ROA, and conversely, the more efficient the management of operational costs, the greater the bank's ability to generate profits.
3. Furthermore, the simultaneous test results show that NPF and BOPO simultaneously significantly influence ROA, indicating that Islamic bank profitability is the result of the interaction between integrated financing risk management and operational efficiency. Therefore, improving the financial performance of Islamic banks is highly dependent on management's ability to balance controlling problem financing and managing operational costs sustainably.

Overall, the results of this study confirm that operational efficiency is the most dominant factor influencing the profitability of Bank Syariah Indonesia KCP Medan Padang Bulan, compared to financing risk as measured by NPF. Therefore, efforts to improve the financial performance of Islamic banks need to focus more on controlling operational costs without neglecting the principle of prudence in financing management.

Based on the research results and conclusions obtained, the following recommendations can be made:

1. Banks are advised to continue strengthening risk management and governance of Islamic financing, so that financial performance stability can be maintained despite the dynamics of financing risks.
2. Future researchers are advised to add other independent variables that have the potential to influence ROA, such as the Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR), Third Party Funds (TPF), bank size, and asset growth, to make the research model more comprehensive.
3. The results of this study are expected to serve as an academic reference for students and researchers in examining the factors influencing Islamic bank profitability. Furthermore, these findings can also serve as practical considerations for Islamic banking management in formulating strategic policies oriented towards improving efficiency and financial performance.

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