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## ANALYSIS OF THE EFFECT OF GROWTH IN SAVINGS, DEPOSITS AND CREDIT ON PROFITABILITY GROWTH OF PT. BPR KREDIT MANDIRI INDONESIA

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### Abstract

**Purpose:** The purpose of this study is to analyze the effect of growth in savings, deposits, and credit on the profitability growth of PT. BPR Kredit Mandiri Indonesia.

**Research Methodology:** This study utilized a quantitative research approach. Data was collected from PT. BPR Kredit Mandiri Indonesia's financial reports and records over a specific period. The primary tools and methods employed in this study include financial ratio analysis, regression analysis, and statistical software for data processing and analysis.

**Results:** The main findings of this study indicate a positive relationship between the growth in savings, deposits, and credit and the profitability growth of PT. BPR Kredit Mandiri Indonesia. The analysis reveals that an increase in savings and deposits leads to higher profitability, as it provides a larger pool of funds for lending and investment activities. Additionally, the growth in credit positively impacts profitability, as it generates interest income and fees for the organization.

**Limitations:** This study has several limitations. Firstly, the analysis is based on secondary data obtained from the financial reports of PT. BPR Kredit Mandiri Indonesia, which may have limitations in terms of accuracy and completeness. Secondly, the study focused solely on the relationship between savings, deposits, credit, and profitability and did not consider other factors that may influence profitability growth.

**Contribution:** This study contributes to the understanding of the factors influencing the profitability growth of PT. BPR Kredit Mandiri Indonesia. The findings can be useful for financial institutions, policymakers, and researchers in the field of banking and finance, providing insights into the importance of savings, deposits, and credit growth in enhancing profitability.

**Keywords:** PT. BPR Kredit Mandiri Indonesia, savings, deposits, credit, profitability growth, financial ratio analysis



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## 1. INTRODUCTION

Credit development at PT. BPR Kredit Mandiri Indonesia, which was only established in 2018 in region III Cirebon, created PT. BPR Kredit Mandiri Indonesia must aggressively promote the name of its company, its products and recruit professional employees to create the name PT. BPR Kredit Mandiri Indonesia in region III Cirebon became known to the people of region III Cirebon.

Savings products owned by PT. BPR Kredit Mandiri Indonesia has very minimal facilities such as not having an ATM card, funds can only be withdrawn at the PT branch office. BPR Kredit Mandiri Indonesia and funds can only be taken by the customer himself who cannot be represented. Therefore, customers of PT BPR Kredit Mandiri Indonesia in the Majalengka area, whose offices are only in Sumber and Majalengka, must come directly to the BPR Kredit Mandiri Indonesia office and cannot be represented using a power of attorney. Therefore marketing funding or marketing fund seekers for PT. BPR Kredit Mandiri Indonesia is having difficulty finding new customers for PT. BPR Kredit Mandiri Indonesia in the Cirebon area.

Deposit products owned by PT. BPR Kredit Mandiri Indonesia is very competitive through the rates provided by the company to depositors who wish to deposit funds at high interest rates within the previously agreed period. However, apart from the BPR Kredit Mandiri Indonesia office in Cirebon, there are only those in the source area and Majalengka district, which makes potential customers in the city of Cirebon less confident about the existence of the BPR Kredit Mandiri Indonesia office, and funds deposited by customers must be transferred from the customer's own account, can be represented from the account of husband or wife or children or relatives, by attaching documents such as family cards and other supports. With this regulation, it makes customers less comfortable. For certificates of depositors who deposit their funds at PT. BPR Kredit Mandiri Indonesia is sent directly from the head office in Jakarta, depositors will receive a Certificate of Deposit or Bilyet Deposito 2-5 days after the transaction blocks customer deposits, which makes customers suspicious of PT. BPR Kredit Mandiri Indonesia, where other banks will provide deposit slips on the same day of deposit transactions.

Credit in a bank is an important component in developing company funds or assets (Manurung & Manurung, 2019). The more customers who borrow funds from a bank, the higher the profits generated by the bank (Fauziah & Fadhilah, 2022). One of the products sold by PT. BPR Kredit Mandiri Indonesia is a credit with competitive interest rates among BPRs. Easy credit applications should make people interested. However, credit requirements that can be processed are only with a house certificate as collateral, for motor vehicle documents (Car or Motorbike BPKB) cannot yet be served. Therefore, people who only have a motorbike or car BPKB cannot apply for credit at PT. BPR Kredit Mandiri Indonesia, therefore credit marketing at BPR Kredit Mandiri Indonesia is having difficulty finding new debtors. Because in other BPRs you can apply for a loan not only using a certificate but with BPKB motorbikes or cars, people can apply for credit.

Research regarding analysis of the influence of savings, deposits and credit growth on PT. BPR Kredit Mandiri Indonesia is important for the following reasons:

1. Identifying factors that influence profitability: By analyzing the relationship between savings, deposits and credit growth and profitability growth, researchers can identify the factors that have the most influence in generating profits for PT. BPR Kredit Mandiri Indonesia. This can help management and stakeholders to better understand how to optimize a company's profitability (Brillinger et al., 2020).

2. Strategic planning: This research can provide valuable insights for corporate strategic planning. By understanding the relationship between savings, deposits and credit growth and profitability, companies can develop appropriate strategies to increase their profitability. For example, if research shows that deposit growth has a significant positive impact on profitability, the company can focus efforts on increasing the number and quality of deposits (Al Zaidanin & Al Zaidanin, 2021).
3. Better decision making: This research can provide a better understanding of how decisions related to savings, deposit and credit growth can affect profitability. For example, if research shows that an uncontrolled increase in credit could negatively impact profitability, management can take steps to better manage credit risk and ensure balanced credit growth (Ferdaous, 2020).
4. Performance evaluation: This analysis can be used as a tool to evaluate PT's financial performance. BPR Kredit Mandiri Indonesia from time to time. By analyzing the relationship between savings, deposits and credit growth and profitability, companies can spot emerging trends and patterns and take appropriate action to improve their financial performance (Fuadi et al., 2022).

Overall, research on the effect of growth in savings, deposits and credit on PT profitability growth. It is important for BPR Kredit Mandiri Indonesia to understand the factors that influence company profitability and develop appropriate strategies to increase it.

## 2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Previous studies have highlighted the importance of savings in the profitability of financial institutions. Banks and other financial entities rely on savings from customers as a source of funding for their lending and investment activities. Studies by (Le, 2020) found a positive relationship between the growth in savings and profitability, suggesting that an increase in savings leads to higher interest income and improved profitability. Therefore, we hypothesize that there is a positive relationship between the growth in savings and the profitability of PT. BPR Kredit Mandiri Indonesia.

H1: Savings have an impact on profitability

Deposits are another significant source of funding for financial institutions. Deposits provide a stable and low-cost source of funds, allowing banks to generate interest income and enhance their profitability. Several studies, such as (Haddawee & Flayyih, 2020) have found a positive association between deposit growth and profitability in the banking sector. Based on these findings, we hypothesize that there is a positive relationship between the growth in deposits and the profitability of PT. BPR Kredit Mandiri Indonesia.

H2: Deposits have an impact on profitability

Lending activities, represented by credit growth, are a crucial component of a financial institution's operations. Studies by (SINGH et al., 2021) have shown that credit growth positively affects profitability, as it generates interest income and fees. Moreover, a

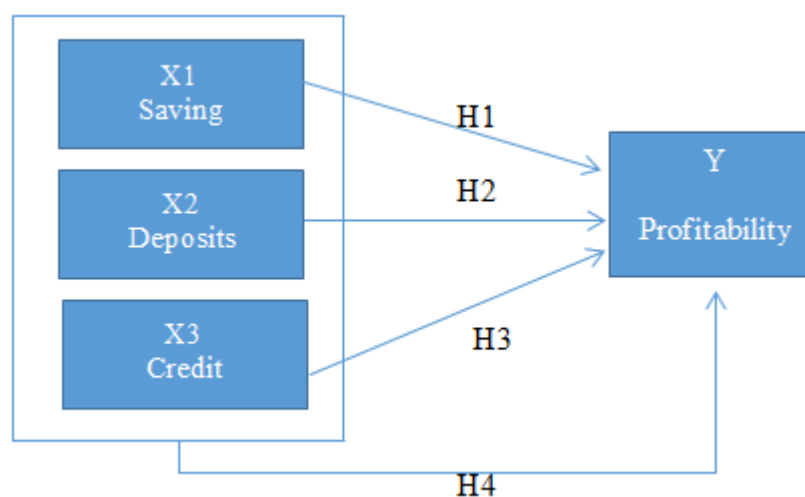
well-managed credit portfolio can minimize credit risks and contribute to overall profitability. Therefore, we hypothesize that there is a positive relationship between the growth in credit and the profitability of PT. BPR Kredit Mandiri Indonesia.

H3: Credit have an impact on Profitability

Based on the previous hypotheses, we propose an overarching hypothesis that incorporates the growth in savings, deposits, and credit together in relation to the profitability of PT. BPR Kredit Mandiri Indonesia. We hypothesize that the simultaneous growth in tabungan, deposito, and kredit will have a positive impact on the profitabilitas of the organization. This hypothesis suggests that a well-balanced and coordinated growth in these key areas will contribute to the overall profitability of PT. BPR Kredit Mandiri Indonesia.

H4: Savings, Deposits, Credit, simultaneously influence Profitability

This research is intended to analyze the relationship and influence of independent variables on the dependent variable. Which analyzes the effect of growth in savings, deposits and credit on PT's profitability growth. BPR Kredit Mandiri Indonesia. Based on the description above, the problem in this research is formulated as follows:



**Figure 1.** Research Framework

### 3. RESEARCH METHODOLOGY

This research method uses quantitative descriptive analysis. The data collection method used in this research is the questionnaire method, which collects all primary data at PT. BPR Kredit Mandiri Indonesia. These data were obtained through the results of questionnaires given to PT customers. BPR Sumber and Majalengka, because the Cirebon region III area only has two branches, namely Sumber and Majalengka. The sampling technique used in this research is the

purposive sampling method. The sample in this research was 50 customers. The test scale uses Likert (Azizah et al., 2021). The instrument tests used in this research were validity tests and reliability tests. Normality test, multicollinearity test, linear regression, t-test difference test, simultaneous significance test. Coefficient of determination .

## 4. RESULTS AND DISCUSSIONS

### 1. The Effect of Savings Growth on the Profitability of BPR Kredit Mandiri Indonesia (H1).

Test results on the savings growth variable on the profitability growth of BPR Kredit Mandiri Indonesia. Based on the analysis carried out in this research, savings have a negative and significant effect on profitability growth.

$$Y = a + Bx$$

$$Y = 1,000 + 0.885$$

The regression equation has the following meaning:

a. 1,000 means that if there is a change in savings growth (X1), then Profitability growth will be 1,000 if a measuring instrument in the form of a Likert scale is used.

b. 0.885 means that with a change in savings growth of 0.885%, profitability will increase by 0.885%, assuming other factors are considered constant. This value also means that for every increase in savings growth of 1, performance will increase by 0.885%.

Based on table 4.21, it can be seen that the significance value (sig.) of 0.000 is smaller than the probability of 0.05 ( $0.00 < 0.05$ ) so it can be concluded that H0 is rejected and H1 is accepted, which means that "Savings growth has a significant influence on profitability growth at PT. BPR Kredit Mandiri Indonesia". The results of this research support research (Pradnyawati, 2012). Antara., et al (2014) and Haron (2004), "state that the savings variable partially has a positive effect on profitability".

### 2. The Effect of Deposit Growth on the Profitability of BPR Kredit Mandiri Indonesia (H2).

Test results on the Deposit growth variable on the profitability growth of BPR Kredit Mandiri Indonesia. Based on the analysis carried out in this research, deposits have a positive and significant effect on profitability growth.

$$Y = a + Bx$$

$$Y = 1.317 + 0.885 x$$

The regression equation has the following meaning:

a. 1,317 means that if there is a change in Deposit growth (X2), then Profitability growth will be 1,317 if a measuring instrument in the form of a Likert scale is used.

b. 0.885 means that with a change in deposit growth of 88.5%, profitability will increase by 88.5%, assuming other factors are considered constant. This value also means that every time deposit growth increases by 1, performance will increase by 88.5%.

Based on table 4.23, it can be seen that the significance value (sig.) of 0.000 is smaller than the probability of 0.05 ( $0.00 < 0.05$ ) so it can be concluded that  $H_0$  is rejected and  $H_1$  is accepted, which means that "Deposit growth has a significant influence on profitability growth at PT. BPR Kredit Mandiri Indonesia".

The results of this research support the research of Lailatul Mukarromah and Ida Bagus Badjra (2015): "Deposit growth has a positive and insignificant effect on profitability growth. This could be caused by BPR not being optimal in utilizing the funds collected. "An increase in the number of deposits collected will result in large credit growth which will also have an impact on increasing profitability."

"Deposit growth describes the level of development of the volume of deposits distributed by third parties which is able to increase the profitability of a financial institution and improve the performance of financial institutions" (Pradnyawati, 2012).

### 3. The Effect of Credit Growth on the Profitability of BPR Kredit Mandiri Indonesia (H3).

Test results on the Credit growth variable on the profitability growth of BPR Kredit Mandiri Indonesia. Based on the analysis carried out in this research, credit has a negative and significant effect on profitability growth.

$$Y = a + bX$$

$$Y = 1,250 + 0.876$$

The regression equation has the following meaning:

A. 1,250 means that if there is a change in Credit growth ( $X_3$ ), then Profitability growth will be 1,250 if a measuring instrument in the form of a Likert scale is used.

B. 0.876 means that with a change in credit growth of 87.6%, profitability will increase by 87.6%, assuming other factors are considered constant. This value also means that for every increase in credit growth of 1, performance will increase by 87.6%.

Based on table 4.25, it can be seen that the significance value (sig.) of 0.000 is smaller than the probability of 0.05 ( $0.00 < 0.05$ ) so it can be concluded that  $H_0$  is rejected and  $H_1$  is accepted, which means that "Credit growth has a significant influence on profitability growth at PT. BPR Kredit Mandiri Indonesia".

The results of this analysis support the research results of Lailatul Mukarromah and Ida Bagus Badjra (2015), namely that credit growth has a positive and significant effect on profitability growth.

### 4. The Effect of Savings, Deposits and Credit Growth on the Profitability of BPR Kredit Mandiri Indonesia (H4).

Test results on the growth of savings, deposits and credit variables on the profitability growth of BPR Kredit Mandiri Indonesia. Based on the analysis carried out in this research, credit has a positive and significant effect on profitability growth. It can be seen from the results of the simultaneous test above that the significance value in both regression models is 0.000, which indicates that the significance value in the table above is less than 0.05. So it can be concluded



that the regression model is suitable for use. Shows that the savings, deposit and credit growth variables simultaneously or together influence the Profitability variable.

## 5. CONCLUSION

This study aimed to analyze the effect of savings growth, deposit growth, and credit growth on the profitability growth of PT. BPR Kredit Mandiri Indonesia. The findings of this research provide insights into the relationship between these variables and their impact on profitability.

Firstly, the analysis revealed that savings growth has a negative and significant effect on profitability growth. This suggests that an increase in savings does not necessarily lead to an improvement in profitability. This finding contradicts previous research that indicated a positive relationship between savings and profitability. Further investigation is needed to understand the underlying factors contributing to this negative effect.

Secondly, deposit growth was found to have a positive and significant effect on profitability growth. This aligns with previous studies that emphasized the importance of deposits as a stable and low-cost source of funds for financial institutions. The findings suggest that an increase in deposits can contribute to higher profitability by providing additional resources for lending and investment activities.

Thirdly, credit growth was found to have a negative and significant effect on profitability growth. This indicates that while credit expansion generates interest income and fees, it also presents risks and costs that can impact profitability. Managing credit quality and ensuring efficient credit allocation are crucial for maintaining profitability in the face of credit growth.

Lastly, when considering the simultaneous effect of savings, deposits, and credit growth on profitability, the analysis showed that these variables collectively influence profitability. However, the specific nature of these relationships requires further investigation to understand the interplay between these factors and their overall impact on profitability.

## LIMITATION AND STUDY FORWARD

This study has several limitations that should be acknowledged. Firstly, the analysis is based on data from PT. BPR Kredit Mandiri Indonesia, which may not be representative of all financial institutions. Generalizing the findings to the entire banking sector should be done cautiously.

Secondly, this study focused solely on the relationship between savings, deposits, credit, and profitability. Other factors that may influence profitability growth, such as operating expenses, asset quality, and market conditions, were not considered. Future research could explore the impact of these additional factors to provide a more comprehensive understanding of profitability determinants.

Furthermore, the analysis was based on quantitative data, and qualitative factors that may influence profitability were not explored. The inclusion of qualitative research methods, such as interviews or surveys, could provide valuable insights into the decision-making processes and strategies employed by PT. BPR Kredit Mandiri Indonesia.

In terms of future study directions, it would be beneficial to conduct comparative analyses across different financial institutions to gain a broader perspective on the relationship between savings, deposits, credit, and profitability. Additionally, exploring the impact of technological advancements, regulatory changes, and economic conditions on profitability growth could offer valuable insights for financial institutions in navigating an evolving landscape.

Overall, this study contributes to the understanding of the factors influencing the profitability growth of PT. BPR Kredit Mandiri Indonesia. The findings highlight the complex dynamics between savings, deposits, credit, and profitability, providing valuable insights for financial institutions, policymakers, and researchers in the field of banking and finance.

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