# Effect of Loan Disbursement, Non-Performing Loan (NPL) and Current Account-Saving Account (CASA) Ratio on The Profitability of Digital Bank Listed on Indonesia Stock Exchange

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**ABSTRACT:** Technological advances have brought updates to business processes and banking services in Indonesia, namely the birth of banks that provide digital-based services to customers or called Digital Banks. The development of this digital banking ecosystem is supported by the economic conditions that have recovered after COVID pandemic ended. Digital transformation has certainly encouraged the emergence of several Digital Banks that have become Game Changers in the financial services business by offering convenience in digital products and services. A number of Digital Banks have succeeded in becoming public companies, recording credit growth, managing the non-performing loan ratio, increasing the growth of third-party funds, especially for online savings products through the digital banking products offered, and increasing the profitability ratio. Objective of this research is to determine the effect of Loan disbursement, NPL and CASA (Current Account-Saving Account) Ratio on the Profitability of Digital Bank that listed on Indonesia Stock Exchange for the 2018-2024 research year. The population data used is go-public Digital Bank and the sample is Digital Banks that are included in the Bank Group category based on Core Capital 1 and 2. Secondary data that used in this research are quarterly and annual bank report which are available on websites of Indonesian Stock Exchange and Financial Services Authority.

**KEYWORDS:** Digital Bank, Loan, Non Performing Loan, CASA, ROA

## INTRODUCTION

Technological advances in the modern era is marked by the very rapid growth of digital technology and drives renewal in business processes and services in almost all industrial sectors. Entering 2010, technological growth was marked by significant growth in mobile phone and internet users. In Indonesia, the application and adaptation of technology in the banking sector has actually started since 1986 when Automatic Teller Machine or ATM technology was first introduced by Bank Niaga and Hongkong Bank to customers. In its development, customers can withdraw money through ATM facilities provided by the bank without having to walk-in to the branch office and queue to be assisted in processing by the bank officer at the branch office. Banking digitalization is a term that can be interpreted as a process of adapting technology to banking products and services as a demand for rapid technological progress. One of the banking digitalization processes is the introduction of the Mobile Banking technology application or abbreviated as M-Banking. Customers can check their bank balances and send or transfer money from one account to another, either transferring money between bank accounts or between other banks through the M-banking application. Digital banking products continue to develop, including the convenience offered by M-banking such as checking balances, opening bank accounts online, opening time deposits online and paying bills such as phone bills, internet packages, water, electricity, credit cards and e-wallet balance top-ups. These features can be done by customers simply by accessing M-banking. QRIS technology is also one of the leading digital banking products because of the convenience it offers to consumers to make payments to merchants without having to do it in cash.

Digital banking transactions increase and are predicted to continue to increase in the following years along with the shift in consumer behavior that is starting to switch to banking services that can provide convenience and speed in conducting financial transactions. Data from Central Bank of Indonesia shows significant growth in electronic money transfer transactions from 2019 to 2023, which shows a shift in consumer behavior that is starting to shift from cash to cashless transactions.

**Table 1. Online banking transaction**

| Electronic Money Transfer Transactions | Years | | | | |
|---|---|---|---|---|---|
| | **2019** | **2020** | **2021** | **2022** | **2023** |
| Amount (expressed in billion rupiah) | 22,419 | 18,336 | 38,717 | 177,055 | 366,308 |
| Volume (expressed in million) | 296 | 245 | 470 | 1,849 | 3,971 |

During 2018 to 2021, digital banking began to emerge that focused on providing digital-based services to customers known as Digital Banks. The development of digital banks is certainly supported by the economic conditions that had declined due to the COVID-19 pandemic where there were restrictions on people's social activities, thus encouraging significant growth in online transactions between customers. Banks that are categorized as Core Capital 1 that have core capital of up to IDR6trillion and Core Capital 2 that have core capital IDR6trillion to IDR14trillion are competing to launch digital products to answer this opportunity to be able to enter the banking industry sector and compete with existing banks, the majority of which are included in the Group Capital 3 and 4 categories. The rise of digital banks is certainly considered a Game Changer amidst the tight competition in the banking sector. With the agility they have and the speed to respond to changes in rapid technological changes, digital banks are expected to be able to answer customer needs in terms of banking products and services that provide convenience and seamless process.

As a public and listed company, the ability of digital banks to record profitability is a challenge in the midst of the transformation phase into a digital bank which certainly requires a special allocation of funds, especially for investment in digital product development, technology investment such as core-banking systems, security infrastructure and supporting surrounding systems as well as hiring professional experienced employees to support the digital transformation process. Through online savings products and the features offered, digital banks expect to increase the amount and transaction of customer savings so they will be able to increase the composition of low-cost products reflected in the current-account and saving-account (CASA) ratio. Achieving business scalability is an important stage for digital banks in order to reach breakeven on the investment that has been allocated and it demonstrates the performance of digital banks to have a loan disbursement and quality asset so that they can increase business profitability as reflected in the Return On Assets (ROA) ratio. To achieve business scalability, of course, a sustainable growth strategy is needed, especially from the aspect of collecting low-cost customer deposits, loan disbursement and implementation of integrated risk management and policy to mitigate potential risks arising from financial intermediary activities carried out by digital banks. This research will analyze the effect of loan disbursement, NPL and current account-saving account (CASA) ratio on digital banks' profitability of Return On Assets (ROA) ratio with the following hypothesis:

H1: Loan disbursement has a positive effect on profitability (ROA)
H2: NPL has a negative effect on profitability (ROA)
H3: CASA has a positive effect on profitability (ROA)

This research was conducted with a focus on Digital Banks listed in IDX and categorized in the KBMI 1 and 2. There are 8 digital banks that are categorized in the KBMI 1 and 2 and are public companies.

## LITERATURE REVIEW
1.   Digital Banks
According to Rajamaya (2017), Consumers are currently experiencing an acceleration of digital life, especially supported by rapid internet penetration, increasing adoption of smartphones, and ever-expanding networks. In this environment, banks face a fundamental challenge, namely how to maintain and develop their business in the face of increasing digital challenges and new customer demand. In addition, the development of financial technology (fintech) companies is also one of the challenges faced by banking where the products offered by fintech companies have several similarities with the products offered by conventional banks so that fintech company products have several features that already exist in conventional banking products (Simatupang and Sirait, 2021). The business model offered by digital banks is the adoption of internet-based products and services as well as applications that can be downloaded by customers to their smartphones in the form of M-banking applications. The advantages offered by the M-banking application in digital banking services provide a new experience to customers with easy online access that allows banking customers

to make financial transactions through the M-banking application from anywhere and anytime without having to physically walk-in to branch office. According to Simatupang (2021), the delivery channel facility in the form of an M-banking application is actually not a true representation of digital banking, but rather an application of physical banking products that are crammed into internet facilities. The future development of digital banking will lead to digital banking that is open banking that is connected via an API connection or application programming interface. Regulations related to digital banking have been issued by OJK (Financial Services Authority) through regulation number 21 of 2023 concerning Digital Services by Commercial Banks, where the development of digital services encourages banks to carry out digital innovation but still need to ensure risk management aspects, customer data security and consumer protection. To provide digital services, banks are required to follow the licensing mechanism at OJK and must have IT infrastructure and management that can support the implementation of digital services optimally.

## 2. Banks as Financial Intermediaries

Banks have a main function, namely carrying out financial intermediation functions through acquire customer deposit activities which are then distributed to the customer in the form of loan or financing facilities. According to Maharani's research (2022), the intermediation function has a positive and significant effect on overall economic growth, due to banking has a strategic role in distributing customer funds to productive economic sources so that it can increase economic growth and equality in a country. Specifically, according to Budisantoso & Triandaru (2006), Banks have 3 functions, namely as Agent of Trust, Agent of Development and Agent of Service. As an agent of trust, banks carry out fund collection activities including through savings products such as current accounts, savings and time-deposits. According to Khabibah, Octisari and Nugraheni (2020), CASA (current account-saving account) ratio can reduce costs (cost of funds) and increase bank profitability. In distributing funds to the customer as a part of loan and financing facilities, banks are required to implement the principle of prudence by conducting a creditworthiness of prospective customers, both individuals and companies, to mitigate the risk of default or bad debt. Creditworthiness analysis is carried out by banks, among others, through the 5C analysis process (Character, Capacity, Capital, Collateral, and Condition) and routine monitoring aimed at ensuring the return of principal and interest payments in accordance with pre agreed installment schedule by customer and bank. In addition to loan growth strategies, banks are required to maintain the level of non-performing loans or NPLs at a low level, among others, by implementing credit risk management and policy such as conducting routine supervision, setting maximum credit limits, identifying credit risks, assessing collateral and managing non-performing loans. When a bank is able to maintain asset quality with low NPL, obligation to form a reserve for impairment losses (CKPN) is lower and likewise, when NPL is high, obligation to form CKPN will increase and will result in a decrease in profitability.

## 3. Bank Profitability

Bank ability to generate financial performance such as recording net profit can be reflected in the bank's positive profitability ratio. Return on Asset (ROA) ratio is a percentage to measure profitability performance which is a comparison between net profit and assets. A positive ROA ratio indicates the bank's ability to manage good financial performance in managing its assets to provide value to shareholders. In short, the bank's ability to collect low-cost savings, disburse it as a loan facilities and good management of non-performing loans will have a leverage on increasing performance profitability and obtaining a positive ROA ratio for the bank.

## METHODOLOGY

Research method used in this research is quantitative with multiple regression analysis using panel data in the form of time series with quarterly and annual reports from 2018 to 2024. Quantitative methods can test variables's influence. Based on the secondary data obtained, regression was carried out on independent and dependent variables. To analyze the first, second and third hypotheses, namely whether loan disbursement, NPL and CASA affect profitability of digital banks listed on Indonesia Stock Exchange, a regression model was used with the following equation:

$$ROA = \alpha + \beta1(Kredit) - \beta2(NPL) + \beta3(CASA)$$

Descriptions:

| | |
|---|---|
| ROA | : Return on Assets |
| Loan | : Loan disbursement amount |
| NPL | : Non-Performing Loan |

| CASA | : Current Account-Saving Account |
|---|---|
| α | : Constants |
| β1, β2, β3 | : Independent variable coefficient |

Data population used in this research is public banks listed in the Indonesia Stock Exchage 2018-2024 period, namely 47 companies. The purposive sampling method is used to select samples with following criteria:

1. Banking sector category and listed on the IDX in 2018-2024.
2. Banks included in Core Capital 1 category that have core capital up to IDR6trillion and Core Capital 2 that have core capital more than IDR6trillion up to IDR14trillion.
3. Banks that have launched digital service products through the M-Banking application.

After selecting samples with the above criteria, a sample of 8 companies was obtained. This research was conducted using secondary data bank annual report and bank quarterly report. The analysis methods used are Descriptive Analysis, Selection of Panel Data Models (Chow-test, Hausman-test, Lagrange Multiplier), Classical Assumption Test (Normality-test, multicollinearity-test, heteroscedasticity-test and Autocorrelation-test), Panel Data Regression and Hypothesis Testing (Simultaneous-test, partial-test, coefficient of determination).

## DISCUSSION

### 1. Descriptive Statistics

Descriptive statistical analysis is used to provide overview of the variables, namely Loan, NPL, CASA and ROA. The measurements used in this study are Mean, Median, Standard-deviation, minimum-value and maximum-value.

**Table 2. Descriptive Statistics**

|  | LOAN | NPL | CASA | ROA |
|---|---|---|---|---|
| Mean | 5174493. | 0.034514 | 0.242136 | 0.006642 |
| Median | 2942347. | 0.036850 | 0.181329 | 0.006850 |
| Maximum | 19923613 | 0.157500 | 1.000000 | 0.172300 |
| Minimum | 54.00000 | 0.000000 | 0.000000 | -0.158900 |
| Std. Dev. | 5109818. | 0.027653 | 0.217962 | 0.047078 |
| Skewness | 1.208866 | 0.829082 | 2.215152 | -0.290436 |
| Kurtosis | 3.789043 | 4.400587 | 7.654600 | 5.838129 |
| Jarque-Bera | 42.58114 | 31.01510 | 271.8449 | 55.24988 |
| Probability | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| Sum | 8.18E+08 | 5.453200 | 38.25746 | 1.049400 |
| Sum Sq. Dev. | 4.10E+15 | 0.120055 | 7.458654 | 0.347963 |
| Observations | 158 | 158 | 158 | 158 |

From table 2 above, The mean of loan is 5174493 with a standard deviation of 5109818. Highest value of loan variable is 19923613 while lowest value is 54. The mean of NPL is 0.03 with a standard deviation 0.02. Highest value of NPL is 0.16 while lowest value 0. The mean of CASA is 0.24 with a standard deviation 0.21. Highest value of the CASA variable is 1 while the lowest value is 0. Average value of the ROA variable 0.006 with a standard-deviation of 0.04. Highest value of the ROA variable 0.17 while lowest value is -0.16.

### 2. Panel Data Model Selection

a. Chow-test

Chow-test is conducted to determine the best model to use in estimating panel data between 2 models, the first model is CEM (Common Effect Model) or the second model is FEM (Fixed Effect Model). If the probability cross-section value F is > 0.05 then the CEM is selected.

**Table 3. Chow-test**

| Effects Test | Statistic | d.f. | Prob. |
|---|---|---|---|
| Cross-section F | 2.623686 | (5,149) | 0.2638 |
| Cross-section Chi-square | 13.332170 | 5 | 0.2046 |

In table 3, Result shows a probability value of 0.263, which is greater than 0.05, therefore decision to reject H0 is obtained with the conclusion that CEM is more suitable than FEM.

b. Hausman-test

Hausman-test is carried out to determine the best model to use, between Random Effect Model (REM) or FEM in estimating panel data. If probability cross section-value > 0.05 then REM is selected.

Table 4. Hausman-test

| Test Summary | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
|---|---|---|---|
| Cross-section random | 2.381337 | 3 | 0.4971 |

c. Lagrange Multiplier test

Lagrange Multipier or LM is used to determine the best model to use in estimating panel data between 2 models, namely the first model is REM or the second model is CEM. If p value result is <0.05 then the method selected is the REM.

**Table 5. Lagrange Multplier test**

| | Test Hypothesis | | |
| | Cross-section | Time | Both |
|---|---|---|---|
| Breusch-Pagan | 1.822351 (0.1770) | 0.028893 (0.8650) | 1.851244 (0.1736) |
| Honda | 1.349945 (0.0885) | -0.169980 (0.5675) | 0.834361 (0.2020) |
| King-Wu | 1.349945 (0.0885) | -0.169980 (0.5675) | 1.175582 (0.1199) |
| Standardized Honda | 1.771862 (0.0382) | -0.042630 (0.5170) | -3.306036 (0.9995) |
| Standardized King-Wu | 1.771862 (0.0382) | -0.042630 (0.5170) | -1.927778 (0.9731) |
| Gourieroux, et al. | -- | -- | 1.822351 (0.1890) |

In table 5 the lagrange multiplier test above shows a probability value 0.173 which is greater than 0.05, therefore decision to reject H0 is obtained with the conclusion that CEM model is more suitable than REM model. According to 3 model selection criteria above, it can be summarized the selected model is CEM.

### 3. Classical Assumption Test

a. Normality test

In Figure 1 below, the probability value obtained 0.119, greater than 0.05, therefore decision is to accept H0 with the conclusion that the residual data is normally distributed.
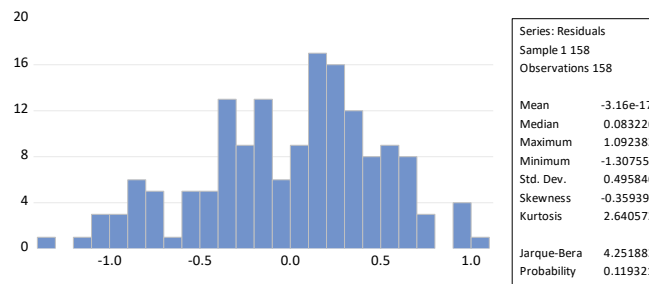


| Series: Residuals | |
| --- | --- |
| Sample 1 158 | |
| Observations 158 | |
| | |
| Mean | -3.16e-17 |
| Median | 0.083226 |
| Maximum | 1.092383 |
| Minimum | -1.307558 |
| Std. Dev. | 0.495846 |
| Skewness | -0.359398 |
| Kurtosis | 2.640572 |
| | |
| Jarque-Bera | 4.251883 |
| Probability | 0.119321 |

**Figure 1. Normality test**

b. Multicollinearity Test

Table 6 regarding the multicollinearity test below shows that the VIF value for each independent variable is less than 10, therefore it can be concluded that there is no multicollinearity in the independent variables.

**Table 6. Multicollinearity test**

| Variable | Coefficient Variance | Uncentered VIF | Centered VIF |
| --- | --- | --- | --- |
| C | 0.072768 | 45.86964 | NA |
| Loan | 0.002179 | 56.18760 | 1.247577 |
| NPL | 0.003968 | 5.892208 | 1.216582 |
| CASA | 0.015074 | 6.279003 | 1.101803 |

c. Heteroscedasticity Test

In table 7 below, the probability value is 0.581, which is greater than 0.05. Therefore, the decision to accept H0 is obtained with the conclusion that there is no heteroscedasticity in the residual data.

**Table 7. Heteroscedasticity Test**

| F-stat | 0.305431 | Prob.F(1,155) | 0.5813 |
| --- | --- | --- | --- |
| Obs*R-squared | 0.308763 | Prob. Chi-Square(1) | 0.5784 |

d. Autocorrelation Test

Autocorrelation test can be measured from the Durbin Watson value, if the DW value is less than -2, positive autocorrelation has occurred, if it is above +2, negative autocorrelation has occurred, and if it is between -2 and +2, there is no autocorrelation.

**Table 8. Autocorrelation Test**

| | | | |
|---|---|---|---|
| R-squared | 0.613247 | Mean dependent var | -3.16E-17 |
| AdjustedR-squared | -0.124447 | S.D. dependent var | 0.495846 |
| S.E. of regression | 0.525795 | Akaike info criterion | 1.795034 |
| Sum squared resid | 14.92886 | Schwarz criterion | 3.810920 |
| Log likelihood | -37.80770 | Hannan-Quinn criter. | 2.613711 |
| F-statistic | 0.831303 | Durbin-Watson stat | 1.983616 |
| Prob(F-statistic) | 0.790105 | | |

In table 8 of the autocorrelation test above, the Durbi Watson value of 1.983 is obtained, which is between +2 and -2. Therefore, the decision to accept H0 is obtained with the conclusion that there is no autocorrelation in the residual data.

## 4. Panel Data Regression

Multiple-linear regression and simple-linear regression analysis techniques are used in this research. Multiple-linear regression, namely regression model that has several independent-variables used to describe behavior of dependent-variable. Simple linear regression analysis, namely one independent variable is used to explain one dependent variable. The regression analysis technique uses the Ordinary Least Square (OLS) technique.

**Table 9. Panel-Data Regression Model**

| Var | Coef | Std.Error | t-Stat | Prob. |
|---|---|---|---|---|
| C | 0.071451 | 0.269756 | 0.264874 | 0.7915 |
| Loan | -0.330156 | 0.046677 | -7.073202 | 0.0000 |
| NPL | -0.133565 | 0.062990 | -2.120408 | 0.0356 |
| CASA | -0.064561 | 0.122778 | -0.525832 | 0.5998 |

**ROA = 0,071 - 0,330 Kredit - 0,134 NPL - 0,065 CASA**

Based on the panel data regression model above, it can be seen that increasing in loan will be able to reduce ROA by 0.330, increasing in NPL will be able to reduce ROA by 0.134 and increasing in CASA will be able to reduce ROA by 0.065.

## 5. Hypothesis Testing
a. Simultaneous Test (F-Test)

This test is conducted to see overall influence of the independent variables on dependent variable. This test is conducted with a 5% confidence level.

**Table 10. Simultaneous Test (F Test)**

| | | | |
|---|---|---|---|
| R-squ | 0.250448 | Mean dep-variable | -1.786457 |
| Adjusted-R-squ | 0.235846 | S.D. dependent-var | 0.572725 |
| S.E. of regression | 0.500653 | Akaike-info criter. | 1.479182 |
| Sum sq resid | 38.60056 | Schwarz criter. | 1.556716 |
| Log-likelihood | -112.8554 | Hannan-Quinn criter. | 1.510669 |
| F-stat | 17.15201 | Durbin-Watson stat | 2.055935 |
| Prob(F-stat) | 0.000000 | | |

Based on the F test in table 10 above, the sig value (p-value) of 0.000 is below α 0.05. Therefore, it is concluded there is a significant influence between loan, NPL and CASA together on ROA.

b.  Partial Test (T Test)

T-test, also known as partial test, is used to determine whether the independent variables individually or partially affect the dependent variable or not. It also describes how far an influence of one individual variable will affects the explanation of the dependent.

**Table 11. Partial Test (T Test)**

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.071451 | 0.269756 | 0.264874 | 0.7915 |
| Loan | -0.330156 | 0.046677 | -7.073202 | 0.0000 |
| NPL | -0.133565 | 0.062990 | -2.120408 | 0.0356 |
| CASA | -0.064561 | 0.122778 | -0.525832 | 0.5998 |

From table 11 above, the sig value (p-value) on the loan variable is 0.000 which is below α 0.05, therefore it can be concluded that loan has a negative and significant effect on ROA. Sig value (p-value) on the NPL variable is 0.035 which is below α (0.05), therefore it can be concluded NPL has a negative and significant effect on ROA. Sig value (p-value) on CASA variable is 0.599 which is above α (0.05), therefore it can be summarized that CASA has a negative effect and insignificant on ROA.

c.  Coefficient of Determination

**Table 12. Coefficient of Determination**

| R-squ. | 0.250448 | Mean dependent var | -1.786457 |
|---|---|---|---|
| Adjusted R-squ. | 0.235846 | S.D. dependent var | 0.572725 |
| S.E. of regression | 0.500653 | Akaike info criterion | 1.479182 |
| Sum squared resid | 38.60056 | Schwarz criterion | 1.556716 |
| Log likelihood | -112.8554 | Hannan-Quinn criter. | 1.510669 |
| F-stat. | 17.15201 | Durbin-Watson stat | 2.055935 |
| Prob(F-stat.) | 0.000000 | | |

From table 12 above, R-squared value 0.250. It means loan, NPL and CASA variables are able to influence ROA by 25%. Then the remaining 75% (100% -25%) of ROA is influenced by other factors.

Research result showed that the loan variable has negative effect on the company's profitability. The loan coefficient obtained was -0.330 indicating that an increase in loan will have an effect on reducing the company's profitability. Loan provision has a negative effect and significant on profitability, due to various factors that affect the financial health of banks or other financial institutions. Bad debt or default will directly affect the bank's profitability. When the debtor is unable to pay his loan, the bank loses interest income and at the same time must bear the cost of non-performing loans. Banks must provide reserves for expected losses from non-performing loans. This provision becomes a burden for the bank, which can have significant impact on profitability. Loan disbursement process involves not only disbursement of funds, but also the administration, monitoring, and collection processes. The costs associated with these processes can be a burden if not offset by the return on the loan provided. In this condition, operational costs can erode the bank's profit margin.

NPL variable has a negative effect on the company's profitability. The coefficient of non-performing loans obtained is -0.134 indicating that an increase in non-performing loans will have an effect on decreasing bank profitability. Non-Performing Loans (NPL) or bad-debt loans generally have a negative effect and significant on profitability of financial institutions, particularly for banking .

There are several reasons why NPL can have a negative impact on profitability, such as when a loan becomes bad-debt, the bank does not receive interest or principal payments on time. This reduces interest income which is the main source of bank profitability. Banks must form reserves to anticipate potential losses from NPL. When NPL is high, obligation to form CKPN will increase and will result in a decrease in profitability.

CASA variable has a negative effect on bank profitability. CASA coefficient obtained is -0.065 indicating that an increase in CASA will have an effect on decreasing bank profitability. The negative and significant effect of current accounts and savings accounts on the profitability of a financial institution, especially banks, can occur for several reasons such as high operational costs, promotions and marketing used to acquire new customers for savings and current account products, thus reducing the profitability performance of digital banks. Promotion and marketing costs are used by digital banks, among others, to advertise in order to increase awareness of new customers and provide facilities and services such as free transfers which are an attraction to be offered to prospective customers even though the costs incurred for these transactions are borne by the bank.

## CONCLUSION

From above results, it can be summarized that loan disbursement has a negative effect and significant on profitability (ROA). This is evidenced by results of T test where unstandardized beta coefficient value is negative with a value of 0.330 and the significance value shows a figure of 0.000 where the value is smaller than 0.05. For the non-performing loan (NPL) ratio, it has negative effect and significant on profitability (ROA). This is evidenced by results of T test where unstandardized beta coefficient value is negative with a value of 0.133 and the significance value shows a figure of 0.035 where the value is smaller than 0.05. While the Current Account-Saving Account (CASA) ratio has negative effect and insignificant on profitability (ROA). This is evidenced by results of T test where unstandardized beta coefficient value is negative with a value of 0.065 and the significance value shows a figure of 0.599 where the value is greater than 0.05.

This research is expected to give information to banks, investors and regulators to determine the correlation between loan disbursement, NPL ratio and CASA ratio to bank profitability so that digital banks can design policies and strategies towards appropriate profitability, especially in carrying out financial intermediation functions. The limitation of this research is that this research only uses go-public bank digital sample. Currently, there are several digital banks that are not yet listed on the Indonesia Stock Exchange. This research does not test the effect of independent variables on the Net Interest Margin (NIM) ratio, which is the ratio used to measure a bank's ability to manage its productive assets to generate net interest income and the Operating Expense to Operating Income (BOPO) ratio, which is the ratio used to measure the efficiency of managing operational costs compared to a bank's operating income against the bank's profitability performance. Suggestions for further research are to include research samples of digital bank that are not yet listed on the Indonesia Stock Exchange and include NIM and BOPO variables.

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