The Influence of Capital Adequacy, Operational Costs and Bank Size on Profitability in Bprs in Indonesia With Financing Risk as Moderation

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Abstract:- This research aims to analyze the influence of capital adequacy, operational costs, and bank size on profitability at Sharia BPRs in Indonesia with financing risk as moderation. The population of this research is Sharia BPRs operating on the island of Java in 2023, with a total sample of 67 Sharia BPRs. This research method is a causal method using a quantitative descriptive approach. The research results show that capital adequacy and bank size do not have a significant influence on profitability and operational costs have a significant influence on profitability. Financing risk can moderate the influence of capital costs and bank size on profitability, and financing risk cannot moderate the influence of capital adequacy on the profitability of BPR Syariah. The implications of this research are discussed in the article.

Keywords:- Capital Adequacy, Operational Cost, Bank Size, Profitability, Financing Risk, Sharia BPR.

I. INTRODUCTION

In Indonesia, the existence of Bank Perkreditan Rakyat Syariah (BPRS, or Sharia Rural Bank) is very important. Even though its role tends to be limited when compared to commercial banks, as well as banks with conventional systems, BPR has its own advantages in serving the wider community, especially in terms of helping small and medium businesses both in rural and suburban areas which are generally not reached by commercial banks, and has added value that arises from implementing sharia principles in carrying out banking operations. This advantage makes BPRS have an important role in supporting the implementation of national development in the context of increasing equality, economic growth, and national stability towards improving people's welfare [1].

This is proven by the Banking Statistics Report issued by the Financial Services Authority (Otoritas Jasa Keuangan, OJK) which states that there has been a consistent increase in the distribution of funds carried out by BPRS. In Figure 1 below, it can be seen that there has been an increase in the amount of financing from BPRS over the last 4 years. In 2019 the value of BPRS financing was 9,943 billion Rupiah and in the following 3 years it increased to 10,861 billion, 11,984 billion and 14,448 billion rupiah. This shows that financing from BPRS has an upward trend every year, indicating that

BPRS is increasingly becoming a reliable source of financing for the community as time goes by [2].
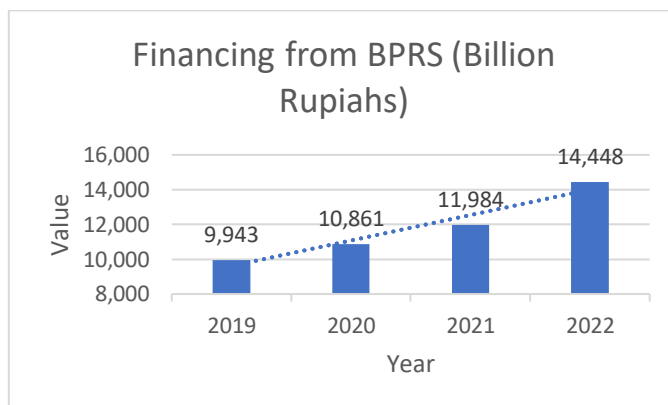

Fig 1. BPRS' Financing Values

However, when viewed in terms of financial performance, BPRS still tends to fluctuate. This can be seen from the Indonesian Sharia Financial Development Report published by the Financial Services Authority (OJK). Based on this report, the profitability of BPRS is still inconsistent, as shown by the ROA (Return on Asset) value which fluctuates from year to year. In Figure 2 below, it can be seen that in 2019, the ROA value reached 1.87%. This value increased in 2020, reaching 2.61%, but decreased in the following two years, with 2.01% in 2021 and 1.73% in 2022. Overall, the ROA value achieved by BPRS shows a downward trend [2].
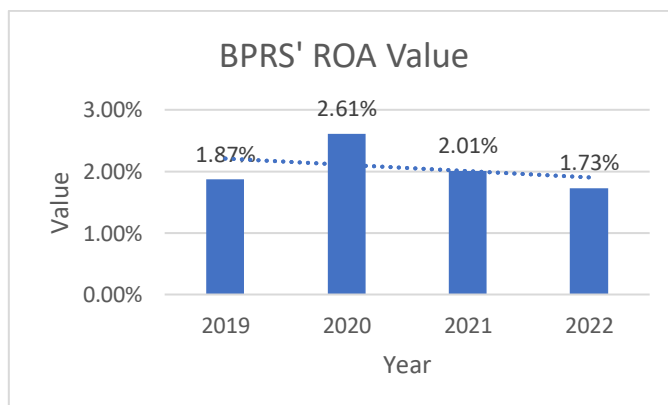

Fig 2. BPRS' ROA Values

Financial performance, especially profitability, is a very important aspect for banks to pay attention to. Profitability is the ability of a company (in this context, a bank) to generate

profits [3]. BPRS itself has the potential to continue to increase its profitability because BPRS showed improvement in 2021 after experiencing a decline in 2020 as a result of the COVID-19 pandemic. BPRS succeeded in achieving double-digit growth figures in the asset aspect which grew by 14.11% compared to 2021 [2].

To increase bank profitability, several aspects can be considered, one of which is the Capital Adequacy Ratio (CAR), Operational Cost, and Bank Size. However, there is still a research gap regarding these three aspects, which is proven by several previous research results. Research from [4] and [5] suggest that CAR has an influence on profitability, while research from [6] and [7] suggest otherwise. Regarding operational cost, [8] and [9] suggests that operational cost has an influence on profitability, while research from [10] and [11] suggest otherwise. Then, research from [12] and [13] suggest that bank size has an influence on profitability, while research from [14] and [15] suggest otherwise.

Apart from that, aspect that has an important role in banking, especially Sharia banking, namely Financing Risk. However, there are also research gap regarding this aspect. Research from [16] suggests that financing risk moderate CAR on influencing profitability, while [17] suggests otherwise. Meanwhile, [16] also suggests that financing risk moderate operational cost on influencing profitability, while [18] suggests otherwise. Lastly, [19] suggests that financing risk moderate bank size on influencing profitability, while [16] suggests otherwise.

Based on the background, problems, and explanations that have been presented previously, researchers are interested in further researching the financial performance of Sharia Rural Banks in Indonesia. Therefore, researchers will conduct research with the title of **The Influence of Capital Adequacy, Operational Costs and Bank Size on Profitability in BPRS in Indonesia With Financing Risk as Moderation**. The main objective of this research is to prove empirically the influence of CAR, Operational Cost, and Bank Size on Profitability in BPRS in Indonesia, as well as empirically prove the moderating role of Financing Risk on the influence of CAR, Operational Cost, and Bank Size on Profitability in BPRS in Indonesia.

II. THEORETICAL REVIEW

A. Profitability

Basically, profitability is the result of the traditional financial model, and neoclassical economics is the dominant form of thinking in this financial model. In this mindset, firms are self-interested agents seeking to optimize to the best of their abilities in the face of constraints on their resources. [20].

[21] explain profitability as a company's ability to make a profit from its business. Profitability ratios measure a company's ability to generate profits using the company's resources, such as assets, capital, and company sales. Profitability can be considered as one of the most appropriate indicators for measuring company performance because the company's ability to generate profits can be a measure of company performance. Thus, the higher the company's profitability ratio, the better the company's financial performance.

One ratio that can be used to measure bank profitability is ROA (Return on Assets). [3] explain that ROA can be used to describe the level of profitability of a bank which is measured based on the utilization of its productive assets. The greater the ROA of a bank, the greater the level of profit achieved by the bank, and the better the bank's position in terms of asset use. ROA can be measured as follows:

$$ROA = \frac{Profit\ After\ Tax}{Total\ Assets}\ x\ 100\%$$

The amount of ROA that must be achieved by BPRS is determined by the Financial Services Authority (OJK). There are several ROA ratio assessment criteria achieved by BPRS, with the following provisions:

Table 1. ROA Assessment Criteria

Rank	Value	Description
1	ROA > 1,450%	Very Good
2	1,215% < ROA ≤ 1,450%	Good
3	0,999% < ROA ≤ 1,215%	Enough
4	0,765% < ROA ≤ 0,999%	Bad
5	ROA ≤ 0,765%	Very Bad

B. Capital Adequacy

[11] explains that capital is a very important aspect for banks because apart from being a source of funds to finance bank operations, capital also functions as a reserve to cover losses if the bank's performance declines. Capital also functions to increase public trust. With large bank capital, people believe that the bank can cover any losses they may experience so that people feel safer and are willing to keep their funds in the bank. Bank capital is very important so the government (through the OJK) regulates bank capital strictly.

One ratio that can be used to measure capital adequacy is CAR (Capital Adequacy Ratio). [1] explain that CAR is a ratio that reflects the capital owned by a bank to Risk-Weighted Assets (RWA), which can be used to measure a bank's ability to meet future obligations and other risks such as credit risk, operational risk, and market risk. CAR can be measured as follows:

$$CAR = \frac{Bank's\ Capital}{Risk\ Weighted\ Assets}\ x\ 100\%$$

The amount of CAR that must be achieved by BPRS is determined by the Financial Services Authority (OJK). There are several CAR ratio assessment criteria achieved by BPRS, with the following provisions:

Table 2. CAR Assessment Criteria

Rank	Value	Description
1	CAR ≥ 15%	Very Good
2	13,5% ≤ CAR < 15%	Good
3	12% ≤ CAR < 13,5%	Enough
4	8% ≤ CAR < 12%	Bad
5	CAR < 8%	Very Bad

C. Operational Cost

[22] explained that the operational efficiency of a bank basically influences bank performance, by showing whether the bank has used all its production factors appropriately or not. Therefore, it must be known how many operational costs are incurred by the bank, and the operational income earned by the bank.

In measuring banking operational costs, [21] explained that BOPO (Beban Operasional terhadap Pendapatan Operasional, or Operational Cost to Operational Income) is the most important measurement in looking at a bank's efficiency and ability to carry out its operational activities. This operational efficiency is measured by comparing total operational costs with total operational income. This ratio aims to measure the ability of operational income to cover operational costs. The increase in this ratio reflects the bank's inability to reduce operational costs, which shows that the bank is less efficient in managing its business.

$$BOPO = \frac{Operational\ Cost}{Operational\ Income}\ x\ 100\%$$

The amount of BOPO that must be achieved by BPRS is determined by the Financial Services Authority (OJK). There are several BOPO ratio assessment criteria achieved by BPRS, with the following provisions:

Table 3. BOPO Assessment Criteria

Rank	Value	Description
1	BOPO ≤ 83%	Very Good
2	83% < BOPO ≤ 85%	Good
3	85% < BOPO ≤ 87%	Enough
4	87% < BOPO ≤ 89%	Bad
5	BOPO > 89%	Very Bad

D. Bank Size

[15] explained that basically, bank size looks at how big or small the bank is, where this size will describe the business capabilities of the bank. The capabilities in question can be variations, production quantities or quantities, and a variety of services that can be offered simultaneously to customers. In simpler terms, the best indication of the greatness of a company is the size of its management group or the number of assets it owns compared to other businesses in the same industry.

In looking at company size, [12] explained that assessing company size can be done by looking at the company's total assets. The use of total assets is based on the consideration that total assets can reflect the size of the company. However, if the total asset value is directly used, the fluctuations in the variable value will be very large, where the value can reach billions or even trillions. Therefore, the total value of company assets can be simplified by converting it into a natural logarithm (Ln) form. This is intended to reduce excess data fluctuations without changing the proportion of the original values. How to see the size of a company can be formulated as follows:

$$Size = Ln\ (Total\ Assets)$$

E. Financing Risk

[3] explain that financing in the context of Sharia banking is a product offered by banks to customers or people who need it to support economic activities or to meet their needs. Financing is a Sharia bank activity in channeling funds to parties other than banks based on Sharia principles. The formation of funds in the form of financing provided will definitely produce results. The recipient of the financing has the trust of the financing provider, so the recipient of the financing is obliged to return the financing they have received in accordance with the time period agreed upon in the financing agreement. These types of financing products include Mudharabah, Musyarakah, Murabahah, Salam, Istishna', Ijarah, and Qardh.

[21] added that financing risk is the risk resulting from the customer's failure to fulfill their obligations to the bank based on the agreed agreement. In this case, the borrower or customer cannot or does not fulfill the obligation to return the loaned funds in full at maturity or thereafter. In other words, this risk arises because of the uncertainty of loan repayment by the debtor. Therefore, banks must be careful, careful and careful and assess their potential debtors. Non-performing financing (NPF) is a ratio used to measure the risk of disbursed financing by comparing non-performing financing with the amount of disbursed financing. The higher the NPF, the smaller the profit the bank will get. This is because the income received by the bank will decrease, and the cost of reserves to write off receivables will increase, resulting in decreased profits. NPF can be measured as follows: NPF can be measured as follows:

$$NPF = \frac{Non\ Performing\ Funding}{Total\ Funding\ Disbursed}\ x\ 100\%$$

The amount of NPF that must be achieved by BPRS is determined by the Financial Services Authority (OJK). There are several NPF ratio assessment criteria achieved by BPRS, with the following provisions:

Table 4. NPF Assessment Criteria

Rank	Value	Description
1	NPF ≤ 7%	Very Good
2	7% < NPF ≤ 10%	Good
3	10% < NPF ≤ 13%	Enough
4	13% < NPF ≤ 16%	Bad
5	NPF > 16%	Very Bad

F. Hypotheses Development

In this research, several hypotheses were developed to find answers to the research objectives. This hypothesis is based on the results of previous studies. This hypothesis

centers on empirically proving the influence of CAR, Operational Cost, and Bank Size towards Profitability in BPRS in Indonesia, as well as empirically proving the moderating role of Financing Risk on the influence of CAR, Operational Cost, and Bank Size towards Profitability in BPRS in Indonesia.

➢ *Influence of Capital Adequacy towards Profitability*

Research from [22] states that with high capital, banks can freely place their funds in profitable investments to develop their business. If the bank's capital is met, the losses experienced by the bank can be covered by the capital the bank has. So, the profits obtained by the bank will not be reduced to cover these losses. Then, research from [12] states that capital is an important component in managing potential bank losses, as well as developing business ventures. So, capital can be used to stabilize the company's condition as long as it has sufficient capital. Therefore, with the high capital they have, banks can finance their operational activities better so that they can seek higher profits.

H_1: Capital Adequacy significantly influences Profitability of BPRS in Indonesia

➢ *Influence of Operational Cost towards Profitability*

Research from [19] stated that any increase in bank operational costs that is not balanced by an increase in operational income will reduce company profits to cover these costs. This reflects the bank's lack of ability to reduce operational costs and increase operational income so losses occur because the bank is less efficient in managing its business. Then research from [11] states that high BOPO indicates a lack of efficiency in company cost management, which causes unnecessary costs that do not make a significant contribution to operational income. These costs must be covered, and because the operating income obtained does not offset these costs, the bank must sacrifice the profits they earn to cover these costs.

H_2: Operational Cost significantly influences Profitability of BPRS in Indonesia

➢ *Influence of Bank Size towards Profitability*

Research from [19] stated that companies with large assets have more resources that can be utilized to obtain maximum business profits. Meanwhile, if the size of the company is small, then there are not many assets owned by the company that can be used so the profits obtained are also small. Thus, the greater the assets owned by the company, the higher the profits generated. Then research from [12] states that large banks tend to find funding sources more easily than small banks because they are considered to have a stronger capacity to manage risk. Large banks will also find it easier to gain public trust because they can use their large assets to support operational needs and increase their income.

H_3: Bank Size significantly influences Profitability of BPRS in Indonesia

➢ *Financing Risk moderates the influence of Capital Adequacy towards Profitability*

Research from [23] states that financing risk moderates the effect of CAR on profitability. This is because considering

that high financing risks have the potential to cause high losses, equally high capital is needed to cover losses caused by high financing risks. However, not all capital can be used to cover these losses, because capital is also needed to carry out daily banking operations. Thus, in the end, the profits obtained by the bank must also be used to cover these losses, which leads to a reduction in the company's profits.

H_4: Financing Risk will moderate the influence of Capital Adequacy towards Profitability

➢ *Financing Risk moderates the influence of Operational Cost towards Profitability*

Research from [22] states that financing risk moderates the effect of BOPO on profitability. This is because considering that financing is the main part of banking operations, problematic financing will cause the operational income received by the bank to be less than optimal and less than it should be. Thus, the ratio between operational costs and operating income becomes wider, and banks have to reduce their profits to help cover these operational costs, this will later disrupt the profits that the bank can receive.

H_5: Financing Risk will moderate the influence of Operational Cost towards Profitability

➢ *Financing Risk moderates the influence of Bank Size towards Profitability*

Research from [19] stated that financing risk moderates the influence of Bank Size on profitability. This is because the larger the size of the bank, the greater the financing that the bank can provide to customers. In this way, the risks that can arise from this financing will also be increasingly felt by banks. So, in the end, this high financing risk will have the potential to give rise to more problematic financing, which will later disrupt the profits received by the bank.

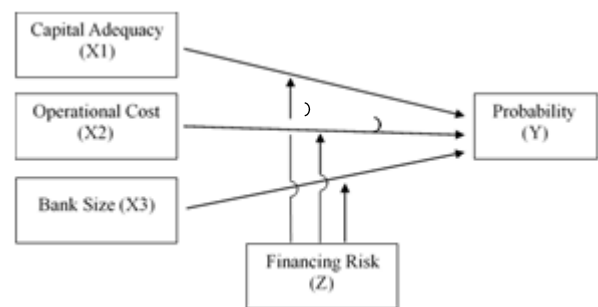H_6: Financing Risk will moderate the influence of Bank Size towards Profitability

Fig 3. Research Hypotheses

III. RESEARCH METHODOLOGY

A. Research Design

This research uses a quantitative descriptive approach and there is causality in it. Researchers obtain information related to samples taken from the population to test the research hypotheses. Causal research design is used to determine the effect of the independent variables used in this research, namely Capital Adequacy, Operational Costs, and Bank Size on the dependent variable, namely Profitability, with Financing Risk as a moderating variable.

B. Population and Sample

The population in this research is all BPRS operating on the island of Java, Indonesia in 2023, namely 99 Sharia BPRs. Sampling in this research used a purposive sampling method. The purposive sampling method is sampling carried out based on certain considerations or criteria that have been determined by the research objectives. The criteria used include (1) BPRS reporting financial reports during the research period (2019-2022). Then (2) BPRS which includes the data required for research in their financial reports during the research period (2019-2022). Based on the established criteria, the sample used was 67 BPRS in 4 years for a total of 268 data.

C. Data Analysis Method

The data analysis method used in this research is panel data regression. Panel data regression is a combination of cross-section data and time series data. In time series data, one or more variables will be observed in one observation unit over a certain period. Meanwhile, cross-section data is observations from several observation units at one point in time [24].

Because there are moderating variables in this research, Moderated Regression Analysis (MRA) will be applied in panel data regression. MRA is a method where in the regression equation there are related elements, namely the multiplication of two or more independent variables [24]. This analysis method is used to see whether the moderating variable can moderate the influence of the independent variable on the dependent variable. With this application, the model of the research will be:

$$ROA = \beta_0 + \beta_1 CAR + \beta_2 BOPO + \beta_3 SIZE + \beta_4 CAR*NPF + \beta_5 BOPO*NPF + \beta_6 SIZE*NPF + \varepsilon$$

IV. ANALYSIS RESULTS AND DISCUSSION

A. Descriptive Statistics

Descriptive statistics are statistics that provide an overview or description of data. Descriptive statistics are intended to describe objects from the sample or population studied according to how they are.

Table 5. Descriptive Statistics

Statistics	CAR	NPF	ROA	BOPO	SIZE
Mean	0,2884	0,0650	0,0123	0,8899	25,0294
Median	0,2493	0,0492	0,0195	0,8290	24,8421
Maximum	0,9283	0,9021	0,1366	7,9800	28,1670
Minimum	-0,9079	0,0000	-1,5852	0,3673	23,3093
Std. Dev.	0,1674	0,0797	0,1023	0,5073	0,9970
Observations	268	268	268	268	268

From the data in the table above, it can be seen that CAR, BOPO, and Bank Size have a low level of data variability. This is because, for each variable, the resulting standard deviation value is lower than the average value. Meanwhile, NPF and ROA have a high level of data variability. This is because, for each variable, the resulting standard deviation value is higher than the average value.

B. Multicollinearity Test

The multicollinearity test aims to see whether a correlation is found between the independent variables or not. If there is no correlation or relationship between the independent variables, the regression model can be used. The moderating variable will also be included in the multicollinearity test.

Table 6. Multicollinearity Test

	CAR	BOPO	SIZE	NPF
CAR	1,0000	-	-	-
BOPO	-0,4052	1,0000	-	-
SIZE	-0,3331	-0,1111	1,0000	-
NPF	-0,2757	0,7690	-0,2142	1,0000

From the data in the table above, there is no correlation coefficient value between variables that is more than 0.9. This means that there is no correlation between the independent variables and the moderating variables used in this research.

C. Panel Data Regression Results

The result of the panel data regression can be seen on the table below:

Table 7. Panel Data Regression Results

Variables	Coefficient	Sig.
C	-0,064	0,604
CAR	-0,022	0,289
BOPO	-0,064	**0,000**
SIZE	0,005	0,270
CAR*NPF	0,066	0,718
BOPO*NPF	-0,198	**0,000**
SIZE*NPF	0,013	**0,001**
Adjusted R-Squared	0,9751	-

Based on the results, the equation for the research regression can be drawn based on the resulting coefficient values, namely:

$$ROA = -0,064 - 0,022\ CAR - 0,064\ BOPO + 0,005\ SIZE + 0,066\ CAR*NPF - 0,198\ BOPO*NPF + 0,013\ SIZE*NPF$$

The following is the interpretations of this equation:
- The constant value (intercept) is -0.064. This shows that if the variables CAR, BOPO, SIZE, CAR*NPF, BOPO*NPF, and SIZE*NPF are constant, then the ROA value is -0.064.
- The coefficient value for the CAR variable is -0.022. This shows that if CAR increases by 1 unit, and other variables are constant, then the ROA value will increase by -0.022 (or decrease by 0.022).
- The coefficient value for the BOPO variable is -0.064. This shows that if BOPO increases by 1 unit, and other variables are constant, then the ROA value will increase by -0.064 (or decrease by 0.064).
- The coefficient value for the SIZE variable is 0.005. This shows that if SIZE increases by 1 unit, and other variables are constant, then the ROA value will increase by 0.005.
- The coefficient value for the CAR*NPF variable is 0.066. This shows that if the interaction between CAR and NPF

increases by 1 unit, and other variables are constant, then the ROA value will increase by 0.066.

- The coefficient value for the BOPO*NPF variable is -0.198. This shows that if the interaction between BOPO and NPF increases by 1 unit, and other variables are constant, then the ROA value will increase by -0.198 (or decrease by 0.198).
- The coefficient value for the SIZE*NPF variable is 0.013. This shows that if the interaction between SIZE and NPF increases by 1 unit, and other variables are constant, then the ROA value will increase by 0.013.

D. Hypotheses Testing (t-Test)

Based on the results of the panel data regression test in Table 7, the t-test can be carried out on variables based on the resulting significance value (sig.), namely:

- The results of the analysis of the influence of Capital Adequacy (CAR) on Profitability (ROA) have a significance value of 0.289 which is greater than 0.05. This value shows that Capital Adequacy does not have a significant influence on the Profitability of BPRS in Indonesia.
- The results of the analysis of the influence of Operational Costs (BOPO) on Profitability (ROA) have a significance value of 0.000 which is smaller than 0.05. This value shows that operational costs have a significant influence on the profitability of BPRS in Indonesia.
- The results of the analysis of the influence of Bank Size (SIZE) on Profitability (ROA) have a significance value of 0.270 which is greater than 0.05. This value shows that bank size does not have a significant influence on the profitability of BPRS in Indonesia.
- The results of the analysis of the moderating role of Financing Risk (NPF) on the influence of Capital Adequacy (CAR) on Profitability (ROA) have a significance value of 0.718 which is greater than 0.05. This value shows that Financing Risk cannot moderate the influence of Capital Adequacy on the Profitability of BPRS in Indonesia.
- The results of the analysis of the moderating role of Financing Risk (NPF) on the influence of Operational Costs (BOPO) on Profitability (ROA) have a significance value of 0.000 which is smaller than 0.05. This value shows that Financing Risk can moderate the influence of Operational Costs on the Profitability of BPRS in Indonesia.
- The results of the analysis of the moderating role of Financing Risk (NPF) on the influence of Bank Size (SIZE) on Profitability (ROA) have a significance value of 0.001 which is smaller than 0.05. This value shows that Financing Risk can moderate the influence of Bank Size on the Profitability of BPRS in Indonesia.

E. Results Discussions

- *Influence of Capital Adequacy towards Profitability*
  The research results show that Capital Adequacy does not have a significant influence on the Profitability of Sharia BPRs in Indonesia. Thus, the first hypothesis is rejected. This shows that changes that occur in BPRS' Capital Adequacy in Indonesia will not significantly affect Profitability. So,

whatever the capital adequacy value of a BPRS in Indonesia, this value will not change the profitability of the BPRS.

This effect has been explained by [14] where this can occur because banks do not optimize existing capital due to regulations from the OJK which require that CAR must be at least above 8% so that banks will not use their capital to business activities because they strive to maintain the CAR value they own by these regulations. Then [16] added that banks did not utilize their capital to increase profits because they were hindered by the COVID-19 pandemic, which caused a weakening of business activities. This results in banks being unable to utilize the capital they have to improve their operations and achieve maximum profits, and existing capital is being kept to anticipate losses that could arise due to the COVID-19 pandemic.

- *Influence of Operational Cost towards Profitability*
  The research results show that operational costs have a significant influence on the profitability of Sharia BPRs in Indonesia. Thus, the second hypothesis is accepted. In addition, a negative coefficient value indicates that Sharia BPR Operational Costs in Indonesia will affect profitability significantly and negatively. This negative influence shows that Operational Costs have the opposite influence on profitability. So, if the operational costs of Sharia BPRs in Indonesia increase, then the profitability of Sharia BPRs will move in the opposite direction, causing the profitability value to decrease. Likewise, vice versa, if the operational costs of Sharia BPRs in Indonesia decrease, then the profitability of Sharia BPRs will move in the opposite direction, causing the profitability value to increase.

This effect was described by [19] where an increase in bank operational costs that is not offset by an increase in operational income will reduce company profits to cover these costs. This reflects the bank's lack of ability to reduce operational costs and increase operational income so losses will occur because the bank is less efficient in managing its business. Then [11] added that high BOPO shows a lack of efficiency in company cost management, which causes unnecessary costs to arise that do not make a significant contribution to operational income. These costs must be covered, and because the operating income obtained does not offset these costs, the bank must sacrifice the profits they earn to cover these costs.

- *Influence of Bank Size towards Profitability*
  The research results show that bank size does not have a significant influence on the profitability of BPRS in Indonesia. Thus, the third hypothesis is rejected. This shows that changes that occur in the size of BPRS in Indonesia will not significantly affect profitability. So, whatever the size of the BPRS in Indonesia, this value will not change the profitability of the BPRS.

This influence has been explained by [11] who states that the number of assets owned by the bank does not necessarily guarantee the profits obtained by the bank, because the bank must also have the ability or capability to utilize the potential of its assets to obtain profits. better

financial performance. If the bank does not have this capability, then the assets owned by the bank will just sit there. Then [14] added that a large company size will not necessarily be a guarantee for banks to get large profits, because expenses for banks will also increase, such as expenses for financing activities, other operational activities, non-operational activities, and etc. So, the bank must handle the source of these expenses which causes the bank to be unable to utilize its large amount of assets to gain more profits.

- *Financing Risk moderates the influence of Capital Adequacy towards Profitability*
The research results show that Financing Risk cannot moderate the influence of Capital Adequacy on the Profitability of Sharia BPRs in Indonesia. Thus, the fourth hypothesis is rejected. So, whatever the value of financing risk held by BPRS in Indonesia, this value will not play a role in moderating the relationship between capital adequacy and profitability of BPRS.

This influence has been explained by [14] who stated that this happen because financing risks tend to be anticipated by the bank, which covers losses arising from financing risks with other sources of funds without using capital. Therefore, even though the profits obtained by the bank are reduced because they are used to cover expenses arising from financing risks, the capital owned by the bank tends to remain intact because it is not used to cover these losses. Thus, financing risk does not "interact" with the capital owned by the bank.

- *Financing Risk moderates the influence of Operational Cost towards Profitability*
The research results show that Financing Risk can moderate the influence of Operational Costs on BPRS Profitability in Indonesia. Thus, the fifth hypothesis is accepted. This shows that the interaction between Financing Risk and Operational Costs of BPRS in Indonesia will moderate the influence of Operational Costs on the Profitability of BPRS in Indonesia. Thus, the financing risk of BPRS in Indonesia will play a role in moderating the relationship between operational costs and profitability of the BPRS.

This influence has been explained by [22] who stated that due to financing being the main part of banking operations, problematic financing will cause the operational income received by the bank to be less than optimal and less than it should be. Thus, the ratio between operational costs and operating income becomes wider, and banks have to reduce their profits to help cover these operational costs, this will later disrupt the profits that the bank can receive.

- *Financing Risk moderates the influence of Bank Size towards Profitability*
The research results show that Financing Risk can moderate the influence of Bank Size on the Profitability of BPRS in Indonesia. Thus, the sixth hypothesis is accepted. This shows that the interaction between Financing Risk and Bank Size of BPRS in Indonesia will moderate the influence

of Bank Size on the Profitability of BPRS in Indonesia. Thus, the financing risk of BPRS in Indonesia will play a role in moderating the relationship between bank size and the profitability of BPRS.

This effect has been described by [19] which states that because the larger the size of the bank, the greater the financing that the bank can provide to customers. In this way, the risks that can arise from this financing will also be increasingly felt by banks. So, in the end, this high financing risk will have the potential to give rise to more problematic financing, which will later disrupt the profits received by the bank.

V. CONCLUSION

Based on the research results, the following conclusions can be obtained for this research:
- Capital Adequacy does not have a significant influence on the Profitability of BPRS in Indonesia. This shows that changes that occur in BPRS' Capital Adequacy in Indonesia will not significantly affect Profitability.
- Operational costs have a significant influence on the profitability of BPRS in Indonesia. This shows that changes that occur in BPRS' Operational Costs in Indonesia will significantly affect Profitability.
- Bank size does not have a significant influence on the profitability of BPRSin Indonesia. This shows that changes that occur in the size of BPRS banks in Indonesia will not significantly affect profitability.
- Financing Risk cannot moderate the influence of Capital Adequacy on the Profitability of BPRS in Indonesia. This shows that the interaction between Financing Risk and the Bank Size of BPRS in Indonesia will not moderate the influence of Bank Size on the Profitability of BPRS in Indonesia.
- Financing Risk can moderate the influence of Operational Costs on the Profitability of BPRS in Indonesia. This shows that the interaction between Financing Risk and Operational Costs of BPRS in Indonesia will moderate the influence of Operational Costs on the Profitability of BPRS in Indonesia.
- Financing Risk can moderate the influence of Bank Size on the Profitability of BPRS in Indonesia. This shows that the interaction between Financing Risk and the Bank Size of BPRS in Indonesia will moderate the influence of Bank Size on the Profitability of BPRS in Indonesia.

With these conclusions, it is hoped that this research can be a scientific and informative consideration, especially for BPRS in Indonesia, in making appropriate policies in maximizing the role and benefits of capital adequacy, operational costs, and bank size so that their existence can maximize company performance in search of profit.

Then, further research can use other independent variables that take into account other factors in the company, such as the Good Corporate Governance variable, and also use other banking financial ratios (such as the Finance to Deposit Ratio) which can see BPRS performance more technically so that the research results what is obtained is more varied.

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