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Internal and External Factors Effects towards Return on Assets in Indonesian Foreign Exchange Sharia Bank

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Abstract

This study aims to analyze the influence of internal factors such as financing and third party funds; and external factors like inflation, BI rate, and the exchange rate against Return On Asset (ROA) at Indonesian Foreign Exchange Sharia Bank. The library research is used and described quantitatively. By applying total sampling technique, the researcher got six banks as sample like Bank Mega Syariah, Bank Muamalat Indonesia, Bank Panin Dubai Syariah, BNI Syariah, BRI Syariah and Bank Syariah Mandiri. Data are Balance Sheet and Profit, and Loss Financial Statements as well as the published reports on inflation rates, BI rates and exchange rates got in a quarterly period from 2015 to 2019. It is reflected from the F test, there is a significant influence between the independent variables (Financing, Third Party Funds, Inflation, BI rate, and Exchange Rates) on the dependent variable (ROA) in Indonesian Foreign Exchange Sharia Bank. Meanwhile from the t test, it is shown partially financing, Third Party Funds, BI rate (X_4), and Kurs (X_5) have no significant effect on ROA at Indonesian Foreign Exchange Sharia Bank. The research implies there is increasement of ROA because the society do financing as a result of increase in inflation.

Keywords: Internal and External Factors, Return on Assets (ROA), Indonesian Foreign Exchange Sharia Bank

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INTRODUCTION

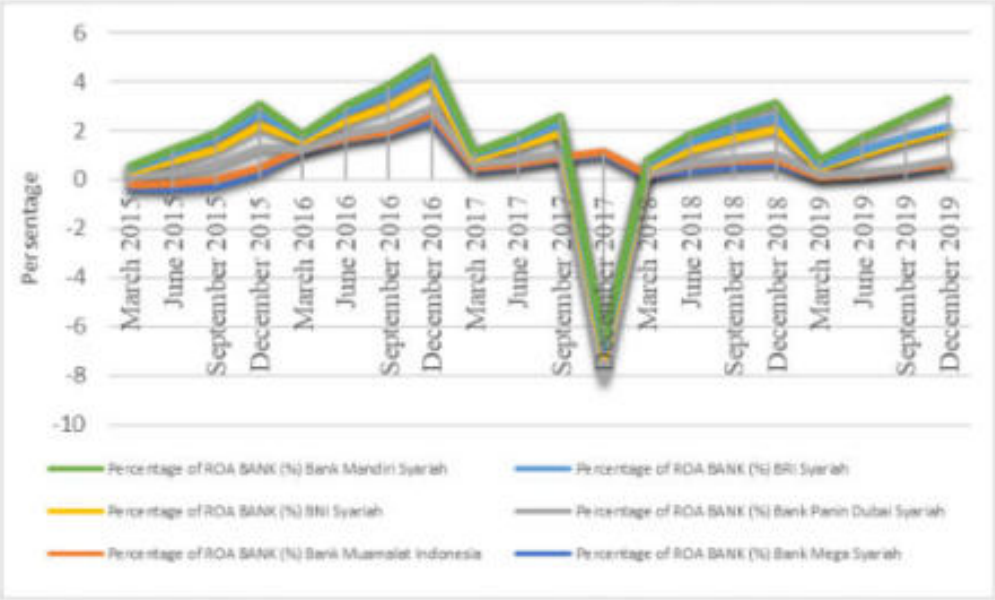
Profitability is the company's ability to generate profits (Marginingsih, 2018) by using total existing assets (Swandayani & Kusumaningtias, 2012) There are eight criteria to measure the level of profitability, namely Return on Assets (ROA), Return on Equity (ROE). Net Interest Margin (NIM), Operating Expenses compared to Operating Income as mentioned in the circular letter of Bank Indonesia No.6/23/DPNP dated May 31, 2004 about the system of assessing the health of commercial banks.

The greater the ROA of a bank (Gumanti, 2011), the greater the level of profit achieved by the bank (Syah, 2018), and the better the position of the bank in terms of asset used (Lalujan et al., 2016). Based on Bank Indonesia Circular SE No.13/24/DPNP on October 25th 2011, the ideal minimum ROA requirement for banks is 1.5%. It means if the bank makes a profit below the stipulated value, the bank is not being optimal in managing its assets.

The researchers used Return of Assets (ROA) as profitability indicator. It becauses Bank Indonesia prioritizes the profitability of a bank as measured by assets whose funds mostly come from public deposits ROA is also the most objective measurement method based on available accounting data. Then the amount of ROA can reflect the results of a series of company policies, especially banking. ROA is a measure of the bank's financial performance in obtaining profit before tax, which is generated from the total assets (total assets) of the related bank (Swandayani & Kusumaningtias, 2012).

Determinant factors of bank profitability are divided into two, namely internal factors and external factors (Ernayani et al., 2017). The internal factor is fundraising, capital management, liquidity management and cost management. While external factors are factors beyond the control of bank

management such as competition, regulation, concentration, market share, ownership, scarcity of capital, money supply, inflation, interest rates, foreign exchange rates, economies of scale and bank size (Syah, 2018).



Graph 1. ROA (Return on Asset) Data of Indonesian National Sharia Commercial Banks for Foreign Exchange 2015-2019

Based on statistical data on BUSN Foreign Exchange Indonesia, it shows that the profitability performance projected by ROA in the quarterly period from 2015 to 2019 has fluctuated, the average percentage of ROA on the Foreign Exchange BUSN is 0.30%, this is clearly far from the provisions set by Indonesian Bank. Then, the highest percentage of ROA at Sharia Mega Bank for the period December 2016 was 2.45%, then the lowest percentage of ROA was at December 2016 at 2.45% Sharia Panin Dubai Bank for the period December 2017 at 9.27%. From 120 samples, only three periods were above the provisions of SE No.13 / 24 / DPNP regarding the acquisition of ROA minimum percentage at 2.5% of the total sample, and 97.5% of the

percentage of ROA at BUSN Foreign Exchange Indonesia was below minimum provisions issued by Bank Indonesia (OJK, 2020). On the other hand, Third Party Funds and Financing show a positive trend with a stable average amount. It is happened to Bank Syariah Mandiri on December 2019, it has increased into Rp.73,560,845,000,000 while previously on March 2015, it is only Rp. 47,868,721,000,000. Likewise, third party funds also increased significantly from Rp.59,198,066,000,000 on March 2015 to Rp. 99,809,730,000,000 on December 2019.

Indonesia's average inflation reflects a positive trend, namely 3.88% during the period March 2015 to December 2019. This means that it is still below 10% and classified as mild inflation. Inflation itself is classified into four levels; mild, moderate, severe inflation, and hyperinflation. Mild inflation occurs when price increases are below 10% a year; moderate inflation between 10%-30% a year; hyperfaltion between 30%-100% a year; and hyperinflation or uncontrolled inflation occurs when price increases are above 100% a year (Hambarsari & Inggit, 2016). If you look at the average percentage of the BI Rate, it has decrease fluctuation from March 2015 to March 2018. However, it increased on June 2018 to June 2019, and then decreased on September and December 2019. Meanwhile, the average exchange rate against the United States Dollar has increased from the quarter March 2015 to December 2019 until the December, it was noted that the Rupiah exchange rate against the Dollar was Rp. 14,017.00 (BI, 2020).

In carrying out its operational activities, the bank as an intermediary institution can not be separated from the influence of internal and external factors. Internal factors that affect profitability include the Amount of Financing and the Amount of Third Party Funds (TPF). Rahman and Rochmanika (2012) said in their research the higher the level of mudharabah

and musyarakah financing, the higher the level of profitability (ROA) of Sharia banks. The amount of ROA is influenced by net income obtained from profit sharing in financing (Azmi, 2016).

Beside internal factors, in carrying out its operational activities, banks cannot be separated from the influence of economic development conditions on macroeconomic theory, in this case arising from external factors, both arising from government policies and from central bank policies whose main objective is to maintain monetary stability, such as the balance sheet of payments, national income includes gross domestic product and gross national product, gross domestic product, economic growth rate, inflation rate, unemployment rate, foreign exchange rate, money supply and interest rates (Swandayani & Kusumaningtias, 2012).

Internal factors that affect profitability is Third Party Funds. Third party funds (TPF) have a positive and significant effect on bank performance (ROA). This means the more third party funds the bank can collect, the higher the bank's performance (ROA) (Sudiyatno & Suroso, 2010).TPF as the most influential variable to profitability has a positive (Anggreni & Suardhika, 2014). Differ from previous ones, Muliawati and Khoiruddin (2015) stated the Third Party Fund variable had no significant effect on the profitability of Sharia Commercial Banks. This result is in line with the research conducted by Sihombing and Yahya (2016) states the TPF variable has no effect on the profitability of Islamic banking in Indonesia. Third Party Funds (TPF) have no effect on the profitability (ROA) of Islamic Commercial Banks in Indonesia for the period 2012-2015 (Fitriana & Musdholifah, 2017).. Dasari and Wirman (2020) also state Third Party Funds have no effect on profitability (ROA).

Beside internal factors, in the implementation of its operational activities, banks cannot be separated from the influence of economic development conditions on macroeconomic theory. In this case, they arise from external factors, both arising from government policies and from central bank policies whose main objective is to maintain monetary stability, such as balance sheets. payment, national income includes gross domestic product and gross national product, gross domestic product, economic growth rate, inflation rate, unemployment rate, foreign exchange rate, money supply and interest rates (Swandayani & Kusumaningtias, 2012). As an intermediary institution, banks are very vulnerable to inflation risk. When a country has high inflation, it will cause an increase in the consumption. This of course will affect the pattern of saving and financing in society. This change will directly impact the operational activities of Islamic banks, where the amount of funds collected from public will decrease, as result, it will have an impact on the performance of Islamic banks in earning income and generating profits (Sukirno, 2006).

In the research conducted by Dwijayanthy and Naomil (2009) it is said that there is a significant relationship between the inflation rate, the exchange rate on profitability, while the BI Rate does not have a significant effect on profitability. Then the research conducted by Hidayati (2014) shows the variable rate of inflation and exchange rate has a significant influence on the profitability of Islamic banks. Syah (2018) research proves that the BI rate has a significant effect on ROA. Swandayani and Kusumaningtias (2012) states the variables of inflation, interest rates, foreign exchange rates and the money supply have a significant effect on the ROA of sharia banking in Indonesia. Ady (2020) research proves the exchange rate has a negative or no significant effect on the profitability (ROA) of banks in Indonesia.

Macroeconomic factors and internal factors are variables affect banking. Among these factors, inflation has no significant effect on ROA (Fahlevi et al., 2019).According to Sukirno (2013) inflation has a negative effect on profitability. The higher the inflation rate, the lower ROA ratio. Basically, an increase in inflation indicates economic growth, but for longer period, a high inflation rate can have a bad impact. The high rate of inflation causes the prices of domestic goods to be relatively more expensive than the prices of imported goods. This causes the real value of savings or third party funds to decline because people withdraw funds from banks and financing will increase due to the high price of domestic goods, then this will be in line with the increase in exchange rates or currency exchange rates due to rising prices of domestic goods, and cheap imports.

Based on the above background, a research gap was found with the research to be carried out where theoretically an increase in financing and TPF will increase ROA while the facts show that the ROA of Indonesian Foreign Exchange BUSN shows a negative trend. although the amount of financing and TPF tends to increase. On the other hand, inflation also showed a positive trend, although from the BI rate there had been fluctuations and tended to fall in the last period, and the exchange rate showed an increase. So it becomes a research question whether the amount of financing, TPF, inflation, BI rate and exchange rate affect ROA on Foreign Exchange BUSN 2012-2019. This study limits the research to two factors, namely internal factors and external factors. Internal factors consist of the amount of financing and the amount of third party funds. External factors consist of inflation, BI rate and exchange rate.

Based on the limitations of the study both internally and externally, the problems in this study can be formulated as follows: *First*, Is there an

effect of the amount of financing on Return on Assets. *Second*, Is there an effect of the amount of third party funds on Return on Assets. *Third*, Is there an effect of the inflation rate on Return on Assets. Fourth, Is there an effect of the BI rate on Return on Assets. *Fifth*, Is there an effect of exchange rate on Return on Assets. *Sixth*, how much is the influence of financing, third party funds, inflation, BI rate, and exchange rates simultaneously on Return on Assets.

This study explores the research conducted by several people like Rahman and Rochmanika (2012) about the effect of buying and selling financing, profit sharing financing, and the ratio of non-performing financing on the profitability of sharia commercial banks in Indonesia. Sihombing and Yahya (2016) also conducted a research about the influence of spin off policies, operating expenses, operating income, third party funds, and non-performing financing on the profitability of sharia banking in Indonesia. Then Rizal and Humaidi (2019) on the Impact of Macroeconomics on the Profitability of sharia Banking in Indonesia. Next, Arumungtyas and Muliati (2019) Do Inflation and Interest Rates Affect the Profitability of Islamic Commercial Banks in Indonesia?. After that the research conducted by Ady (2020) entitle The Effect of Macroeconomics on Banking Profitability in Indonesia. The influence of macroeconomic indicators on the profitability of Islamic banking in Indonesia in 2015–2020 (Saputri, 2021)

METHOD

The data are in the form of quarterly Financial Statistic Reports taken from the period March 2015 to December 2019. Likewise, the data on the average inflation rate, BI-rate and exchange rates are also taken with the quarterly period of the time span 2015 to 2019. It is categorized as secondary

data which is panel data (pooling data) in the form of time-series data and cross section data. The source of data is six BUSN Foreign Exchange Indonesia, namely Bank Mega Syariah, Bank Muamalat Indonesia, Bank Panin Dubai Syariah, BNI Syariah, BRI Syariah and Bank Syariah Mandiri, taken from the website of the Financial Services Authority, the Central Bureau of Statistics and the official website of the Bank. Indonesia. The reasons of choosing it because those banks are allowed to carry out banking activities related foreign currencies, transfers abroad, export-import transactions, and others foreign exchange services. There are two variables used; independent variable, namely: financing, third party funds, inflation, BI rate, and exchange rate and dependent variable, namely: Return On Assets (ROA). The researchers used Eviews 10 computer applications since the data is longitudinal or panel data. This analysis technique has several stages, as follows.

Selection of a regression model

The panel data regression model equation is written as follows.

$Yit = \alpha + \beta 1X1it + \beta 2X2it + \beta 3X3it + \beta 4X4it + \beta 5X5it + eit$

Information:

Y = ROA

X1 = Financing

X2 = Third Party Funds

X3 = Inflation

X2 = BI rate

X1 = Exchange rate

i = unit (Bank)

t = period of time (year / quarter)

α = constant

e = output variable

To estimate the model coefficients on the data, an estimation model is carried out with three possibilities, namely; 1) Common Effect Model (CEM), this technique ignores the dimensions of time and space that are owned or simply is a technique of panel data analysis by combining cross section and times series data as a single unit without distinguishing time and bank. 2) Fixed Effect Model (FEM), a panel data estimation technique using dummy variables or differential intercept dummies to cover the differences in the intercept. 3) Random Effect Model (REM), this technique estimates panel data where disturbance variables may be interrelated over time and between individuals. This model is often called the Error Component Model (ECM) (Ghozali & Ratmono, 2018).

Furthermore, the panel test stage as Iqbal (2015) suggested that after carrying out the test phase by choosing the panel data regression method, the next thing to do was determining the panel data estimation method, namely; 1) F Test (Chow Test), if the prob value at F is smaller than the significance, the choice falls on the fixed effect rather than the common effect. If the prob on F is greater than the significance, the common effect is chosen instead of the fixed effect. 2) Hausman Test, if prob. Chi squares is smaller than significance, so choose the fixed effect model instead of the random effect, if it is prob. Chi squares is greater than significance, so choose random effects over fixed effects. 3) Langrangge Multiplier (LM) Test, if the prob value is smaller than the significance then choose random effect instead of common effect, if the prob is greater than the significance value then choose common effect instead of random effect.

The next thing that is done in the panel data regression according to is a classic assumption test where it will analyze the relationship between the dependent variable and the independent variable carried out in the following manner; 1) Normality test, this test aims to test whether in the regression model, confounding or residual variables have a normal distribution. 2) Multicollinearity test, aims to test whether the regression model found a high or perfect correlation between independent variables. 3) The autocorrelation test, which aims to determine the presence or absence of autocorrelation in a model, can be seen from the Durbin-Watson statistical value by comparing with the Durbin-Watson table. 4) Heteroscedasticity test, a test that aims to see whether the residuals of the model formed have constant variance or not. Then the next thing to do in panel data regression is the selection of analysis methods or hypothesis testing, including: 1) The coefficient of determination (R2) is used to measure how much the independent variables can explain the dependent variable. 2) t test, used to test the regression coefficient individually. 3) The f test is used to test the effect of the independent variables (amount of financing, amount of third party funds, inflation, BI Rate, and exchange rate) on the dependent variable (Return on Asset (ROA)) as a whole (simultaneously) (Ghozali & Ratmono, 2018).

RESULT AND DISCUSSION

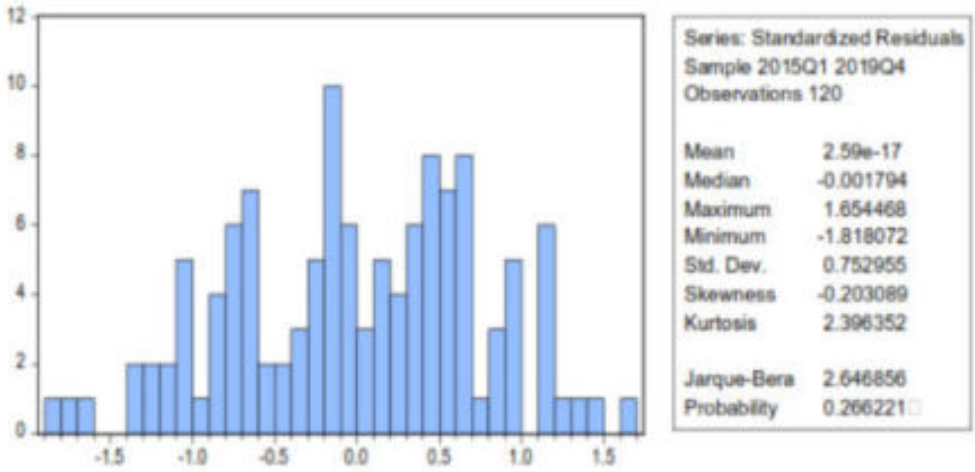
Classic Assumptions

Based on the determination of the estimation method used in this study, namely the F-Test (Chow Test) the selected model is fixed effect model,where the probability F value (0.0000) <0.05. Then in the Hausman Test the model chosen is fixed effect model,with a probability F value (0.0258) <0.05. Since the model used in the study is fixed effect model, it is

no longer necessary to use the Lagrange Multiplier test. Henceforth the classical assumption test is carried out, the results of the classical assumption test are as follows.

Normality Test

Test Normality use fallow jarque method with the results outlined in the following figure;



Graph 2. Normality Test Results

Based on Graph 2, the results are obtained in the form of a jarque-bera probability test value of 0.266221. The JB test value is greater than the significance level (0.266221> 0.05), so it does not reject H0 or the residual has a normal distribution.

Multicollinearity Test

The multicollinearity test results are as follows.

Table 1. Multicollinearity Test Results

	Financing	Third_Party_Funds	Inflation	BI_Rate	Exchange_Rate
Financing	1.000000	0.844854	-0.088726	-0.070605	0.065916
Third_Party_Fun..	0.844854	1.000000	-0.100232	-0.086432	0.071062
Inflation	-0.088726	-0.100232	1.000000	0.520295	-0.356573
BI_Rate	-0.070605	-0.086432	0.520295	1.000000	0.119324
Exchange_Rate	0.065916	0.071062	-0.356573	0.119324	1.000000

Based on Table 1, it can be seen all the independent variables in this study are smaller than 0.90. This is relevance with the statement Ghozali and Ratmono (2018) his book that if the results of the multicollinearity test do not exceed 0.90 it indicates that there is no high correlation value between the independent variables so that it is concluded that there is no multicollinearity between the independent variables.

Autocorrelation Test

Autocorrelation Test Results is as follows.

Table 2. Autocorrelation Test Results

R-squared	0.402024	Mean dependent var	-9.81E-16
Adjusted R-squared	0.358926	S.D. dependent var	1.053253
S.E. of regression	0.843309	Akaike info criterion	2.569071
Sum squared resid	78.93984	Schwarz criterion	2.778133
Log likelihood	-145.1443	Hannan-Quinn criter.	2.653972
F-statistic	9.328255	Durbin-Watson stat	1.759781
Prob(F-statistic)	0.000000		

From the output, it is known that the Durbin-Watson Stats result is (1.759781). If you look at the Durbin Watson table with the provisions (α = 0.05), the following sample size (n) = 120, and the variables in this study are 6 variables with details, 1 dependent variable and 5 independent variables are

at (dl = 1.61642) and (du = 1.78964), then this means that (1.61642 <DW <1.78964). In another sense, all variables in this study do not contain autocorrelation.

Test Heteroscedasticity

To determine the heteroscedasticity test, the writer used the white and glejser method. The results of White's Heteroscedasticity test are as follows.

Table 3. White's Heteroscedasticity Test Results

Heteroskedasticity Test: White			
F-statistic	0.752588	Prob. F(5,114)	0.5859
Obs*R-squared	3.834423	Prob. Chi-Square(5)	0.5735
Scaled explained SS	3.455558	Prob. Chi-Square(5)	0.6301

From the white test results, it can be seen that the prob. The smallest chi square is (0.5753), this means that it is still above the value of α = 0.05. So it does not reject H0 or there is no heteroscedasticity problem. The following is the heteroscedasticity test using the Glejser method, with the following output;

Table 4. Glejser Test Heteroscedasticity Results

Heteroskedasticity Test: Glejser			
F-statistic	1.102012	Prob. F(5,114)	0.3633
Obs*R-squared	5.532647	Prob. Chi-Square(5)	0.3544
Scaled explained SS	5.280798	Prob. Chi-Square(5)	0.3826

From the Glejser test results it can be seen that the prob. The smallest chi square is (0.3544), this means that it is still above the value of α = 0.05. So it does not reject H0 or there is no heteroscedasticity problem.

Based on the two heteroscedasticity test methods above, it can be concluded in the heteroscedasticity test in this study that the Chi square value

is small from the value α= 0.05, which means that there is no heteroscedasticity problem.

Hypothesis test

Determination Coefficient Test (R2)

Due to the estimate the selected model is the fixed effect model, then the test results of the coefficient of determination (R2) in this study are as follows;

Table 5. Fixed Effect Model Results

Dependent Variable: ROA
Method: Panel Least Squares
Date: 04/16/20 Time: 13:33
Sample: 2015Q1 2019Q4
Periods included: 20
Cross-sections included: 6
Total panel (balanced) observations: 120

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-33.50426	23.53783	-1.468285	0.1090
Financing	0.883092	0.770816	1.086786	0.2081
Third_Party_Funds	-0.027121	0.839506	-0.024279	0.9295
Inflation	0.547663	0.292140	1.696841	0.0335
BI_Rate	0.405928	0.470794	0.825447	0.3333
Exchange_Rate	0.099270	2.451031	0.009684	0.9025

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.536026	Mean dependent var	-1.316026
Adjusted R-squared	0.493460	S.D. dependent var	1.105407
S.E. of regression	0.786736	Akaike info criterion	2.445342
Sum squared resid	67.46600	Schwarz criterion	2.700862
Log likelihood	-135.7205	Hannan-Quinn criter.	2.549110
F-statistic	12.59271	Durbin-Watson stat	1.399990
Prob(F-statistic)	0.000000		

Based on Table 5 above, it can be seen that the coefficient of determination R2 (R-Squared) is 0.536026 or 53.60%. This means that the dependent variable ROA can be explained by the independent variables, both

internal factors; Financing (X1), and Third Party Funds (X2), then external factors; Inflation (X3), BI-Rate (X4) and Exchange Rates (X5). amounting to 53.60% the remaining 46.40% is explained by other variables that are outside this research model.

T test

To determine the results of the partial test, it can be determined by looking at the prob and t statistical values of the fixed effect model (FEM) as the selected estimation model with the following results;

Table 6. T test results

Variable	t-Statistic	Prob.	α	Conclusion
Financing	1.086786	0.2081	0.05	Not significant
Third Party Funds	0.024279	0.9295	0.05	Not significant
Inflation	1.696841	0.0335	0.05	Significant
BI Rate	0.825447	0.3333	0.05	Not significant
Exchange rate	0.009684	0.9025	0.05	Not significant

Testing hypothesis each of the variables are shown below. *First hypothesis* H0: Financing has no significant effect on ROA. Ha: Financing has a significant influence on ROA. Based on Table 5, the results of the t test in testing the first hypothesis states that the t value of the financing variable is 1.086786 with a significance value of 0.2081, where this value is not significant at the 0.05 significance level because it is greater than the α value (0, 05). So that the decision of the first hypothesis is that H0 is accepted and H1 is rejected. So it can be concluded that financing does not have a significant effect on Return on Assets (ROA) at the Indonesian Foreign Exchange National Sharia Commercial Bank. *Second hypothesis* H0: Third Party Funds have no significant effect on*Return on Asset* (ROA) Ha: Third Party Funds have a significant influence on*Return on Asset* (ROA). The

results of the t test on testing the second hypothesis, namely Third Party Funds, state that the t value is -0.024279 with a significance value of 0.9295, where this value is not significant because it is greater than the value of α (0.05). So that the decision of the second hypothesis is that H0 is accepted and H1 is rejected. So it can be concluded that Third Party Funds do not have a significant effect on Return on Assets (ROA) at Indonesian Foreign Exchange National Sharia Commercial Banks.

Third hypothesis H0: Inflation has no significant effect on *Return on Asset* (ROA). Ha: Inflation has a significant effect on*Return on Asset* (ROA). In testing the third hypothesis with the inflation variable, the resulting t count is 1.696841 with a significance value of 0.0335, where this value is smaller than the α value (0.05). So that the hypothesis decision is H0 is rejected and H1 is accepted. It can be concluded that inflation has a significant effect on Return on Assets (ROA) at the National Sharia Commercial Bank Indonesia Foreign Exchange. fourth hypothesis H0: BI rate has no significant effect on*Return on Asset* (ROA). Ha: BI rate has a significant effect on*Return on Asset* (ROA). Testing the fourth hypothesis shows that the t count of the BI Rate variable is 0.825447 with a significance value of 0.3333, where this value is greater than the α (0.05) value. So that the fourth hypothesis decision is H0 is accepted and H1 is rejected. So it can be summed up that the BI rate does not have a significant effect on Return on Assets (ROA) at the Indonesian Foreign Exchange National Islamic Commercial Bank. Fifth hypothesis H0: Exchange rate has no significant effect on*Return on Asset* (ROA). Ha: Exchange rate has a significant effect on*Return on Asset* (ROA). The exchange rate variable states that the t value is 0.009684 with a significance value of 0.9025, where this value is greater than the value of α (0.05). So that the decision from the fifth hypothesis, namely H0 is accepted

and H1 is rejected. So it can be concluded that the exchange rate does not have a significant effect on Return on Assets (ROA) at the Indonesian Foreign Exchange National Islamic Commercial Bank.

F test

In estimating the data, a significance level of 5% or 0.05 was used. Based on the data processing that has been carried out, the following hypothesis testing results were found;

Tabel 7. Test Results f

F-statistic	Prob (F-statistic)	α	Conclusion
12.59271	0.000000	0.05	Significant

Based on Table 7. it is known that the F-statistic value is 12.59271 with a prob (F-statistic) value of 0.000000. This shows that prob. F-statistic <0.05. So that the decision of this hypothesis is that H0 is rejected and H1 is accepted, it can be concluded that the amount of financing, the amount of third party funds, inflation, BI Rate, and the exchange rate simultaneously have a significant effect on Return on Assets (ROA) at the Indonesian Foreign Exchange National Sharia Commercial Bank.

CONCLUSION

Based on the analysis and discussion of "The Influence of Internal Factors and External Factors on Return On Assets (ROA) at Indonesian Foreign Exchange National Sharia Commercial Banks", the following conclusions can be drawn: The results of panel data regression analysis show that the internal factor variables are; Financing, and Third Party Funds. External factors, namely; Inflation, BI rate, and exchange rates

simultaneously have a significant effect on the Return on Assets (ROA) of the Indonesian Foreign Exchange National Sharia Commercial Bank at 53.60% while the remaining 46.40% is explained by other variables that are not examined. Based on the t test it is known that partially the Financing variable (X1), Third Party Funds (X2), BI rate (X4), and Exchange Rate (X5) do not have a significant effect on Return On Assets (ROA) at the Indonesian Foreign Exchange National Sharia Commercial Bank. Meanwhile, the inflation variable (X3) has a significant effect on Return On Assets (ROA) at Indonesian Foreign Exchange National Sharia Commercial Bank.

Return on Assets (ROA) is one of the criteria for measuring the level of profitability by comparing profit before tax with total assets. Factors that affect Return On Assets (ROA) include internal and external factors. The research results show, from external factors, the variable of inflation has significance influence on Return of Assets (ROA)of Indonesian Foreign Exchange Sharia Bank. This implies that an increase in inflation can have a positive effect on increasing the Return on Assets (ROA). It can be related with inflation then prices on certain level also rise. Therefore, one way to survive, people do financing to sharia bank. The higher financing, the higher ROA will be if the level of non-performance financing decreases. Basically, the increase in inflation will also have an impact on BI rate, because one of the government's ways to reduce inflation is to increase customer interest in saving funds at financial institutions. However, in this study, the inflation on BI rate is not happened to Indonesian Foreign Exchange Sharia Bank. This is because these banks do not use the interest principle in its operations, but rather determines the profit sharing on savings and investments.

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