ABSTRACT

As a result of the impact of digital technology development, traditional banks are giving way to digital banks in the banking industry. The operational and profitability financial ratios, which both have a partial and simultaneous impact, can be used to determine how well the bank industry is performing. This study set out to quantify the impact of operational ratio on Bank Digital's profitability. The operating ratios used in this study to assess bank performance are operating income (BOPO), non-performing financing (NPF), financing to deposits (FDR), and profitability (ROE), with profitability (ROE) as the independent variable. The data for this quantitative study came from the annual reports of six of the seven digital banks that were originally established with OJK for the period of 2017 to 2022. Descriptive statistics are used in the data processing, and linear regression is used in the data analysis, partially together with the coefficient of determination test, t test, and simultaneous analysis with hypothesis testing, or f test. According to the findings of the study's hypothesis testing, the NPF value has no bearing on the profitability ratio value, however the FDR and BOPO values have an impact on profitability. The simultaneous testing of these three factors reveals that BOPO, NPF, and FDR also have an impact on profitability.

Keywords: Financing Deposit Ratio (FDR), Non-Performing Financing (NPF), Operating Income (BOPO), and Profitability.