The Effect of Market Shere and Bank Characteristics on Profitability Bank

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Abstract

Managerial Efficiency Theory of Profit explains that companies that are managed efficiently will earn profits above the average normal profit. This study aims to test this theory through the influence of Loan to Deposit Ratio (LDR), Market shere and Operational Cost-Operating Income (BOPO) on Return on Assets (ROA) of Conventional Banks in Indonesia which are listed on the Indonesia Stock Exchange for the 2013-2017 period. By using a purposive technique, there were 8 sample companies according to the criteria for research needs and as many as 40 observational data for 5 years of observation. The research method uses a quantitative approach with multiple regression analysis tools. The results of this study prove partially that Market shere and LDR have a positive effect and BOPO has a negative effect on ROA, while simultaneously Market shere, LDR and BOPO have a significant effect on ROA.
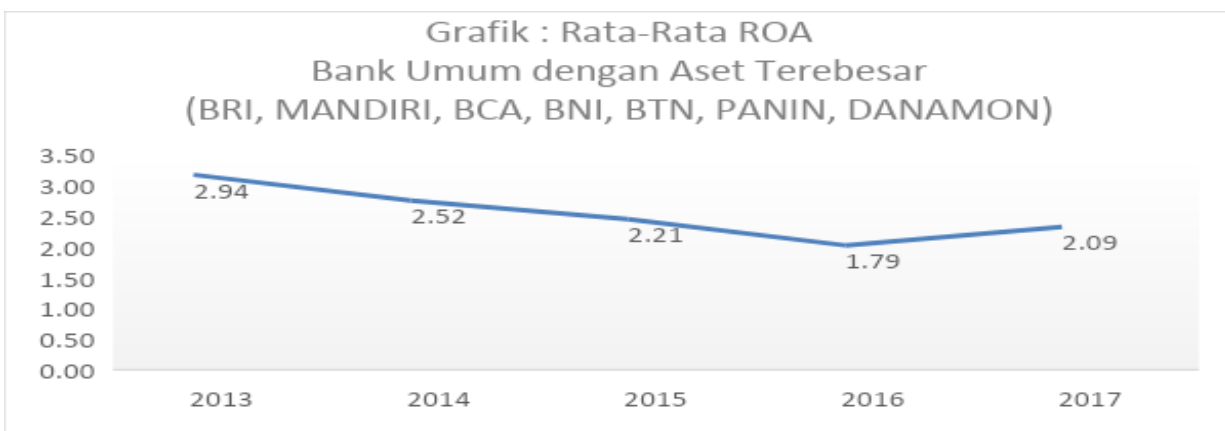
KeyWords : Return On Assets (ROA); Market Shere; Operational Cost-Operating Income (BOPO); Loan to Deposit Ratio (LDR)

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I. INTRODUCTION

The profitability of the banking sector is the most important instrument of the financial system for the future of the economy (Acaravci dan Calim, 2013). So that a deeper understanding of the determinants of bank profitability is very important for the formulation of appropriate policies and economic stability.
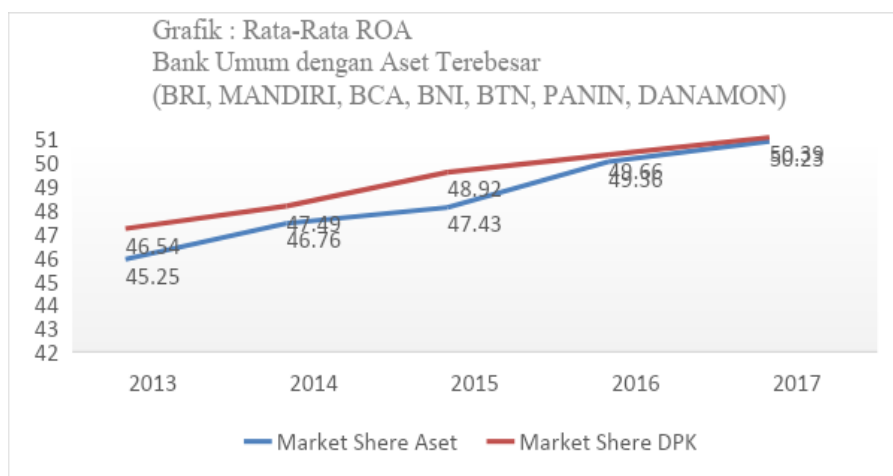
There are many proxies to measure the level of profitability including using the ratio of return on assets (ROA), ROA is the ratio that shows the ratio between profit (before tax) and total assets of the bank, this ratio is very important to show the level of efficiency of asset management carried out by banks (Frianto , 2017:71), meanwhile according to Bank Indonesia Circular Letter No.13/24/DPNP dated 25 October 2011 ROA aims to measure the success of management in generating profits. The smaller this ratio indicates the lack of ability of bank management in terms of managing assets to increase income and reduce costs.

The best ROA standard according to BI Circular Letter No.13/24/DPNP for conventional banks > 1.21% then the ROA is in a healthy condition, conversely if the ROA level is <1.21 then the Bank's ROA is said to be unhealthy. On this basis, we can test empirical data on ROA levels from conventional commercial banks, which have the largest total assets control. As follows:

Grafik : Rata-Rata ROA
Bank Umum dengan Aset Terebesar
(BRI, MANDIRI, BCA, BNI, BTN, PANIN, DANAMON)

Sumber: Data is processed

From the graphical data it can be seen that the average ROA level of the eight Conventional Banks is in a healthy condition because it meets the minimum standards, all of which are above 1.21%. However, there was a downward trend in ROA from 2013 to 2017, this phenomenon was certainly not as expected and it was very disappointing for investors why they were not able to increase their ROA level in that period. according to researchers this is very interesting to do further research.
There are many references to factors that can affect the level of profitability (ROA) of banks, including those put forward by Berger (1995) through his theory, namely the Theory of Relative Market Power (RMP) which states that companies with differentiated products and a large market share can use market power. in pricing, resulting in large profits. This theory supports a positive relationship between market share and bank profitability. Market share can be seen through assets in the form of credit or third party funds (Saputri & Kusumawardhani, 2016). Assets that can be in the form of credit or third party funds are compared with all the total assets of the bank industry (Rofiatun, 2016). For market share, we can see the data of the largest commercial banks as follows:

Grafik : Rata-Rata ROA
Bank Umum dengan Aset Terebesar
(BRI, MANDIRI, BCA, BNI, BTN, PANIN, DANAMON)

Source: Data processed

From the latest data, namely from 2013 to 2017, it can be seen the value *Concentration Rate4* (CR4) the average share for assets is 47% and for deposits is 48%. These two relevant market shares in

the banking industry are categorized as a market with a loose oligopoly structure that controls more than 40 percent of the market. The phenomenon of the gap that occurs is the structure of the banking market which tends to be oligopoly clearly influences the behavior of banks that have a dominant position to maintain high profits. So that the bank intermediary function is not optimal. Banks still rely on interest in obtaining profits. High bank interest is an inefficient behavior which ultimately results in the real sector not being able to carry out its role in the economy due to constraints on financing factors. So it is necessary to do research by studying and analyzing the market structure that will affect the performance of this banking industry.

Other sources state that a bank's ROA can be influenced by the characteristics of the bank itself. As stated by Athoillah (2012) that the banking industry has certain characteristics that are very different from other industries, but in this study the characteristics of the banks that will be examined are the ratio of Operational Costs to Operational Income (BOPO) and Loan to Deposit Ratio (LDR). Look at the empirical data from the two ratios as follows:
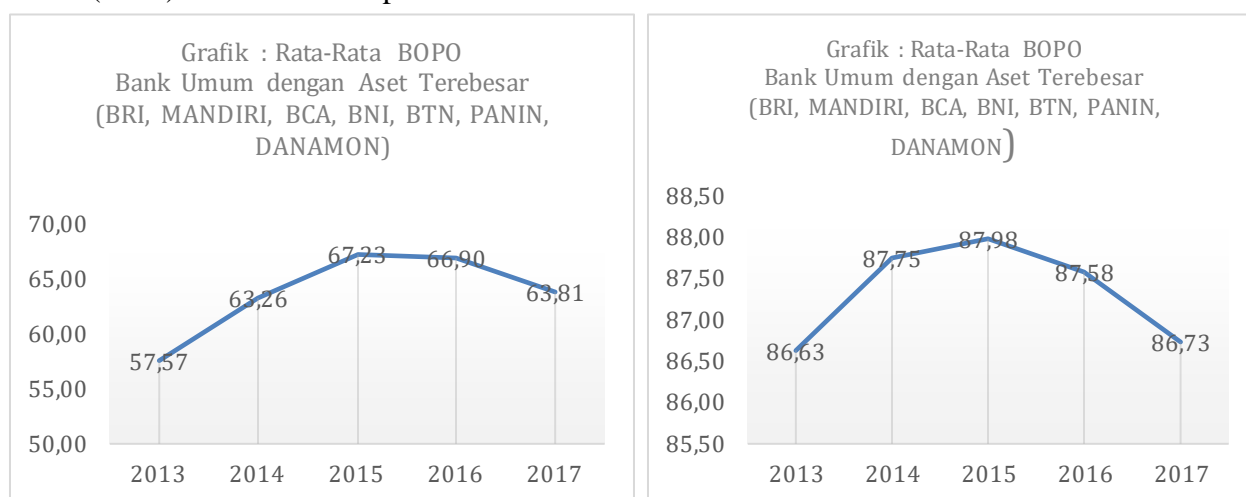
Source: Data processed

From the graph it can be seen that BOPO data from 2013 to 2017 is still below 94%. Whereas according to Bank Indonesia Circular Letter No.13/24/DPNP of 2011, Banks with a healthy BOPO are in the range of 95% < BOPO ≤ 96% so that it can be said that the BOPO empirical data for the eight banks is not as expected. As for banking liquidity as indicated by LDR which is a measure of banking performance in its intermediary function, the average is still around 70% - 80% in the last five years. This means that banks have not 100% carried out their intermediary function, namely extending credit to the public from the funds they have collected. The ideal LDR range is between 80% -110%, the greater the LDR, the greater the profit that will be obtained (Pertiwi, 2013).

The structure of the banking market which tends to be oligopoly clearly influences the behavior of banks that have a dominant position to maintain their supernormal profits, namely by being reluctant to extend credit at low interest rates and not reflecting efficient behavior which ultimately results in the real sector not being able to carry out its role in the economy due to constraints financing. One important thing that has contributed to the slow decline in interest rates in the banking sector is the existence of a kind of oligopoly in the three large State-Owned Enterprises

(BUMN) banks. Bank BRI, Bank Mandiri, BCA control more than 30 percent of total banking assets and total DPK. The banking industry in Indonesia is said to be oligopoly because even though there are many banks in Indonesia, there are not more than 10 dominant banks. Theoretically, the market structure is said to be oligopoly if the 4 largest companies control 40% of production (CR4>40%). An indicator that can be used as a measure of oligopoly power in the banking industry is primarily market share, both in terms of sources of funds and their use (Rahardja & Manurung, 2017).

Meanwhile, there is also a gap in the research of previous researchers as seen from the results of their research. The research conducted by Pertiwi (2013) on the effect of market structure on banking profitability in Indonesia concluded that the concentration ratio has a significant negative effect on the profitability of the banking industry in Indonesia. While the market share of individual banks has a significant positive effect on the profitability of the banking industry, from these findings that the banking industry in Indonesia adheres to the efficiency hypothesis and the market structure is oligopoly. This finding is the same as research conducted by Naylah (2010) who concluded that the market structure in Indonesia is oligopoly and market share is the strongest factor influencing banking performance in Indonesia. The banking market structure in Indonesia is likely to become a monopoly in the future.

Mulyaningsih (2011) also conducted research on banking industry competition and the concentration of the banking industry in Indonesia in 2001 – 2009. It was concluded that the banks in the three subsamples, large, medium and small, worked in monopolistic competition markets. The results of this study are also supported by the findings of Sutardjo (2011) and also Athoillah (2010) regarding the structure of the banking market in Indonesia. In their research, both of them concluded that the structure of the Indonesian banking market has the characteristics of a monopolistic competition market and still relies on interest rate-based competition. The study further concluded that the structure of the Indonesian banking market did not experience structural changes in the 1999-2009 period.

Likewise with research conducted by Sopa (2017) concerning the effect of bank characteristics on banking profitability in Indonesia, it was concluded that the LDR ratio has a positive effect on profitability, while the BOPO ratio has a significant negative effect on profitability.

According to the researchers, this phenomenon is very interesting for further research to find out what influences the level of profitability of the banking industry, which of course hopes that the results of this research will contribute to the development of science, especially financial management and the business world in general.

II. LITERATURE REVIEW AND RESEARCH MODEL DEVELOPMENT

This study uses two independent variables, namely Market Structure and Bank Characteristics. The market structure is calculated using the market share of third party funds (DPK) where the Bank Characteristics variable uses two proxies, namely Operational Costs-Operating Income (BOPO) and Loan to Deposit Ratio (LDR) to identify and determine the effect on bank profitability using Return proxies. on Assets (ROA). The relationship between variables and research hypotheses can be explained as follows:

Return on Asset

According to Bank Indonesia Circular Letter No.13/24/DPNP dated 25 October 2011 ROA is a ratio that assesses the level of return on assets owned, while according to Frianto (2017:71) ROA

is a ratio that shows a comparison between profit (before tax) and total bank assets, this ratio shows the level of efficiency of asset management carried out by the bank, while Kasmir (2015) ROA is a ratio that shows the result (return) on the total assets used by the company. ROA is also a measure of management's effectiveness in managing its investments. Wibowo (2013) further explained that the level of ROA is used to measure bank profitability, because Bank Indonesia as a supervisor and banking supervisor prioritizes the value of a bank's profitability as measured by assets whose funds come from the majority of public savings funds. The ROA figure is calculated based on a comparison of profit before tax with average total assets with the best standard of 1.5 percent (Bank Indonesia No.339/Juni/2012/Vol.XXXIV).

Market Shere DPK
Based on theory*Relative Market Power*, banks with a large market share of DPK and differentiated products have great market power to set favorable interest rates for banks. Banks can use market power to set lower deposit rates and higher lending rates. So it can be concluded that based on the theory of relative market power and various previous studies from Belkhaoui, et al (2014), Nabieu (2013), and Mensi and Zouari (2010), market share of DPK has a positive effect on bank profitability.

Operational Cost-Operating Income (BOPO)
Rivai, et al (2007) defines the BOPO Ratio is a comparison between Operating Expenses and Operating Income in measuring the level of efficiency and ability of a bank to carry out its operational activities. The smaller the BOPO ratio, the better, because the bank concerned can cover Operational Expenses and Operating Income (BOPO). According to experts as disclosed by Fahmi (2014: 49) that the Bank can improve the ratio of operating costs to income by reducing costs which will actually increase profits in the future, "then Lukman (2005: 120) explains that BOPO is the ratio of operating costs used to measure the level of efficiency and ability of a bank in carrying out its operational activities, so that the greater the BOPO, the less efficient it is, and will result in a decrease in profit (profit). Empirical support is also shown by the research results of Revida & Septiarini (2017), Ilusmawati & Nuswantara (2014) and also Yogiyanta (2013) which state that BOPO has a significant negative effect on ROA. On that matter the researcher proposes a second research hypothesis, namely:

Loan to Deposit Ratio (LDR)
The Loan to Deposit Ratio (LDR) is a ratio that shows how much a bank is able to provide funds for its debtors from capital collected from the public. The higher the LDR, the better the bank's profitability because the large number of loans distributed can increase interest income, but on the other hand, bank liquidity is getting worse. If the LDR gets lower, there are too many available funds and will result in idle funds and will affect bank profitability. The higher the LDR, the higher the company's profits with the assumption that the bank's management is able to distribute loans effectively. In Yogiyanta's research (2013) LDR has a significant positive effect on ROA. The same thing was done by Raharjo, et al (2014) in his research that LDR had a positive effect on ROA. On that matter the researcher proposes a second research hypothesis, namely:

On the basis of this, the researcher believes that there is a relationship between these variables and proposes a hypothesis or research allegation as follows:
H1: Market Shere partially has a positive effect on Return on Assets
H2: BOPO partially has a negative effect on Return on Assets

H3: Loan to Deposit Ratio partially has a positive effect on Return on Assets
H4: Market Shere, BOPO and Loan to Deposit Ratio simultaneously have a significant effect on Return on Assets

III. RESEARCH METHODS

This study uses a quantitative approach with a causal design, namely to determine the pattern of causal relationships between the independent variables and the dependent variable so that they can explain the causal relationship between the research variables. The population in this study were all Conventional Commercial Banks listed on the Indonesia Stock Exchange during the 2013-2017 observation period. Sampling used a purposive sampling technique with sample criteria according to research needs and obtained 8 research sample data with 40 observation data for 5 years of observation.

In this study, there are two types of variables studied: 1) Independent Variables consisting of Market Shere (X1), Operating Costs-Operating Income (X2) and Loan to Deposit Ratio (X3); 2) The dependent variable is Return On Assets (Y). The research data is in the form of secondary data, namely variable data taken from company financial reports published on the Indonesia Stock Exchange, then variable data is tested with statistical tools, namely classical assumption analysis to test the feasibility of data on the regression model used and multiple regression to test the effect of independent variables and dependent variables. . To test the effect partially using the t-test and for the effect simultaneously using the f-test.

the test equipment equation model can be seen as follows (Fahmi, 2016):

Persamaan Regressi Berganda : $Y = \alpha + \beta.X1 + \beta.X2 + \beta.X3 + \varepsilon$

T-test equation: $t = r\sqrt{n-2} \ \sqrt{1-r^2}$

F-Test Equation : $F = R2/k \ (1 - k3) \ (n - k - 1)$

The degree of confidence in the research model is set at 95% with an error of 5% following the opinion of Sugiyono (2015) that in general social research is defined with an error of 5%. then the test criteria can be determined as follows:

Criteria for partial effect test (t-test)

If the results of tcount > ttable or value [$\alpha = 0.05 \geq$ Sig], then Ha is accepted and Ho is rejected, the independent variable affects the dependent variable.

If the results of tcount < ttable or value [$\alpha = 0.05 \leq$ Sig], then Ha is rejected and Ho is accepted, the independent variable has no effect on the dependent variable.

Simultaneous influence test criteria (f-test)

If the results of Fcount $\geq$ Ftable, then Ha is accepted and Ho is rejected, meaning it is significant.

If the results of Fcount $\leq$ Ftable, then Ho is accepted and Ha is rejected, meaning it is not significant

IV. RESULTS AND DISCUSSION

Research result

Sample Test Results

Table 1: Sample Test Results

No	Sample Criteria	In accordance	Inappropriate
1	BUMN and BUMS listed on the IDX	64	0

2	Has the largest asset rating in 2013-2017	10	54
3	Published financial reports for 5 consecutive years from 2013 to 2017	8	56
	Total Sample		
	Observation Data		

The total population of Conventional Commercial Bank companies listed on the Southeast Asian Stock Exchange for the 2013-2027 period found that there were 64 banks, then sampling was carried out using a purposive sampling technique and the results obtained were 8 companies that were included in the sample criteria. To get the amount of research data, the research variable data is multiplied by the period of observation for 5 years, so the number of observation data obtained is 40 research observation data. List of sample companies as follows:

Table 2: List of Names of 8 Sample Companies

No	Code	Bank name	Year
1	BBRI	Indonesian People's Bank (BRI)	2013-2017
2	BMRI	Mandiri Bank	2013-2017
3	BBCA	Bank Central Asia (BCA)	2013-2017
4	BBNI	Indonesian State Bank (BNI)	2013-2017
5	BNGA	CIMB Niaga Bank	2013-2017
6	BBTN	State Savings Bank (BTN)	2013-2017
7	PNBN	Bank Pan Indonesia (Panin)	2013-2017
8	BDMN	Bank Danamon	2013-2017

Classical Assumption Test Results

Normality Test Results
Table 3: Research Data Normality Test Results

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		40
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.51325700
Most Extreme Differences	Absolute	.124
	Positive	.124
	Negative	-.092
Kolmogorov-Smirnov Z		.787
Asymp. Sig. (2-tailed)		.566
a. Test distribution is Normal.		
b. Calculated from data.		

The normality test in this study used the residual value which was tested by the Kolmogorov-Smirnov Test by measuring a significant level of 5%. Data is said to be normally distributed if

Asymp.Sig. (2-Tailed) is greater than 5% or 0.05 (Ghozali, 2013). And the test results show that the data is normally distributed

Multicollinearity Test Results
Table 4: Research Data Multicolinearity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7.058	1.273		5.544	.000		
	Pangsa Pasar	.067	.022	.326	3.015	.005	.595	1.680
	BOPO	-.050	.011	-.510	-4.707	.000	.593	1.686
	LDR	-.023	.014	-.176	-1.603	.118	.579	1.726

a. Dependent Variable: ROA

indicating that there are no symptoms of multicollinearity (Ghozali, 2013: 106).

Autocorrelation Test Results
Table 5: Research Data Autocorrelation Test Results

| Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.866a	.750	.729	.53421	2.144

a. Predictors: (Constant), LDR, Pangsa Pasar, BOPO

b. Dependent Variable: ROA

The test results showed a DW of 2.144. This value will be compared with the Durbin Watson value in the table. With $\alpha=0.05$, k=3 and n=40, the lower limit value (dL) is 1.3384 and the upper limit value (dU) is 1.6589 and the 4-dU value = 2.3411. It can be seen that the DW value (2.144) is between dU (1.6589) and 4-dU (2.3411) or dU<d<4-dU = 1.6589<2.144<2.3411 thus no autocorrelation problems are found in the data.

Heteroscedasticity Test Results
Graph 1: Heteroscedasticity Test Results
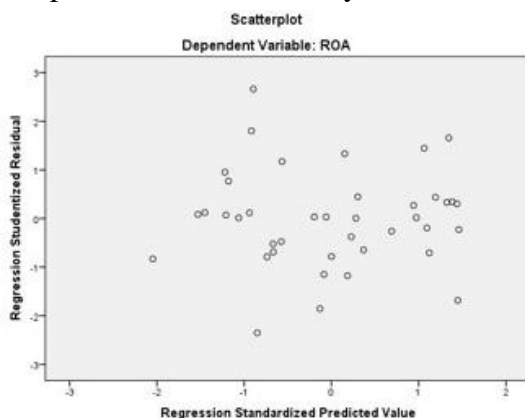
The results of the heteroscedasticity test using the scatter plot on regression, it can be seen that there is no clear pattern and the points spread above and below the number 0 on the Y axis, so there is no heteroscedasticity

The results of the classic assumption test show that all data meet the requirements for further testing using Multiple Regression analysis, which can be seen in the tables.

Regression Test Results
Table 6: Multiple Regression Test Results

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7.058	1.273		5.544	.000		
	Pangsa Pasar	.067	.022	.326	3.015	.005	.595	1.680
	BOPO	-.050	.011	-.510	-4.707	.000	.593	1.686
	LDR	-.023	.014	-.176	-1.603	.118	.579	1.726
a. Dependent Variable: ROA								

$$ROA = 7.058 + (0.067)X1 + (-0.050)X2 + (-0.023)X3 + e$$

Partial test results
From the regression equation that has been compiled above, it can be interpreted for partial effects as follows:
1. The influence of the market share variable on ROA, from the table above based on the calculation results of SPSS version 20, a t-count of 3.015 is obtained with a significance value of 0.005 <0.05 and based on the t-distribution table, a t-table of 2.0261 is obtained, so tcount 3.015 > ttable 2.0261 then Ho is rejected and Ha is accepted, which means the market share variable has a positive and significant effect on profitability (ROA).
2. The effect of the BOPO variable on ROA, from the table above based on the calculation results of SPSS version 20, a tcount of -4.707 is obtained with a significance value of 0.000 <0.05 and based on the t distribution table a ttable of 2.0261 is obtained, so t-count is 4.707 > ttable 2, 0261 then Ho is rejected and Ha is accepted which means the BOPO variable has a negative and significant effect on profitability (ROA).
3. The effect of the LDR variable on ROA, from the table above based on the calculation results of SPSS version 20, a t-count of -1.603 is obtained with a significance value of 0.118 > 0.05 and based on the t-distribution table it is obtained a t-count of 2.0261 so the t-count is 1.603 < ttable 2.0261 then Ho is accepted and Ha is rejected, which means that the LDR variable has no significant effect on profitability (ROA).

Simultaneous Test Results
Table 7: Simultaneous Test Results

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	30.769	3	10.256	35.938	.000[b]
	Residual	10.274	36	.285		
	Total	41.043	39			
a. Dependent Variable: ROA						
b. Predictors: (Constant), LDR, Pangsa Pasar, BOPO						

From the ANOVA test or F test, the calculated F value is 35.938 and the F table is 2.866. From the values obtained, it can be seen that the calculated F value is 35.938 > F table 2.866, then Ho is rejected and Ha is accepted, which means that there is a significant simultaneous effect on ROA. From the results of this test it can also be seen that the calculated F value is 35.938 with a probability of 0.000. Because the probability is much smaller than 0.05, the regression model can be used to predict ROA or it can be said that market share, BOPO, and LDR together have a significant effect on ROA performance.

Determination Test Results
Table 8: Determination Test Results

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.866[a]	.750	.729	.53421
a. Predictors: (Constant), LDR, Pangsa Pasar, BOPO				
b. Dependent Variable: ROA				

The value of the coefficient of determination (R^2) which is small indicates the ability of the independent variable is limited in influencing the dependent variable. If there is *adjusted* R^2 with a negative value it is considered to be 0 (zero), while the value *adjusted* R^2 which is close to 1 indicates the ability of the independent variable to influence the dependent variable. From table 8 it can be seen that the adjusted R value^2 of 0.729 or 72.9% means that the ability of the independent variables to influence the bank's profitability is very high, which is equal to 72.9%. the remaining 27.1% (100%-72.9%) is caused by other influencing factors that were not examined in this study.

Discussion
Partial Influence of Market Shere on Bank Profitability
The first hypothesis says there is influence *Market Shere* on Profitability. Based on the results of hypothesis testing in table 6, market share has a significant positive effect on profitability. Therefore, the first hypothesis is proven in this study. This can be explained that a bank that has a larger market share than its competitors will benefit from an increase in credit demand. It can be interpreted that the level of market share of a bank can determine its level of profitability.
The results of this study support the results of research by previous researchers conducted by Mirzaei, Moore & Guy Liu (2013), Pertiwi (2013), Belangkaehe, Engka & Mandeij (2014), Rofiatun (2016) who stated that Marker Shere partially has a significant effect on on Profitability. However, the results of this study do not agree with or do not support the results of previous studies conducted by Revida & Septiarini (2017), Saputri & Kusumawardhani (2016), and Ilusmawati &

Nuswantara (2014) which state that the size of the Shere Market has no effect on profitability. In addition, the results of this study also support the theory *Managerial Efficiency Theory of Profit* which explains that companies that are managed efficiently will earn profits above the average normal profit.

Influence *Bank Characteristics* on Bank Profitability
which in this study is represented by the BOPO and LDR variables with the following discussion:
BOPO Partial Effect on Bank Profitability
The second research hypothesis says there is a significant effect *BOPO* on Profitability. Based on the results of hypothesis testing in table 6, BOPO has a negative effect on profitability, therefore the second hypothesis is proven in this study. This can be explained that a bank that has high operating costs compared to its operating income will have a negative impact on decreasing bank profits, and vice versa if a bank's operating costs are low it will have an impact on increasing bank profits. It can be interpreted that the high or low BOPO of a bank can determine the level of bank profitability.

The results of this study support the results of research by previous researchers conducted by Yogiyanta (2013), Pertiwi (2013), Raharjo, Setiaji and Syamsudin (2014), Ilusmawati & Nuswantara (2014), Avrita & Pangestuti (2016), and Revida & Septiarini (2017) which states that BOPO partially has a negative effect on Profitability. However, the results of this study do not agree with or do not support the results of previous studies conducted by Revida & Septiarini (2017), Saputri & Kusumawardhani (2016), and Ilusmawati & Nuswantara (2014) which state that the size of the Shere Market has no effect on profitability. In addition, the results of this study also support the theory *Managerial Efficiency Theory of Profit* which explains that companies that are managed efficiently will earn profits above the average normal profit.

Partial Effect of LDR on Bank Profitability
The third research hypothesis says there is a significant effect *LDR* on Profitability. Based on the results of hypothesis testing in table 6, LDR has no effect on profitability, therefore the third hypothesis in this study is rejected. It can be explained that *Loan to Deposit Ratio* (LDR) is a ratio to measure bank liquidity to pay back withdrawals made by depositors by dividing the total credit extended from banks to Third Party Funds. The safe level for the LDR ratio set by Bank Indonesia is 80% - 110%. With that optimal level of LDR ratio, every business will benefit. But in this study, even though the LDR ratio is already at a safe level, the profits obtained by the bank are not always high, which is shown by Bank Rakyat Indonesia (Persero) Tbk in 2017 with an LDR ratio of 81.38% with a profit ratio of 3.28%. And at Bank CIMB Niaga Tbk in 2017 with an LDR ratio of 89.31% with a profit of 0.43%. The data is to ensure that any increase in the LDR ratio does not always affect profitability to increase. Therefore the acquisition of profit is not only from deposits but from other factors. So that *Loan to Deposit Ratio* (LDR) has no effect on profitability.

The results of this study support the results of research by previous researchers conducted by Yogiyanta (2013), Pertiwi (2013), Raharjo, Setiaji and Syamsudin (2014), Ilusmawati & Nuswantara (2014), Avrita & Pangestuti (2016), and Revida & Septiarini (2017) which states that BOPO partially has a negative effect on Profitability. However, the results of this study do not agree with or do not support the results of previous studies conducted by Revida & Septiarini

(2017), Saputri & Kusumawardhani (2016), and Ilusmawati & Nuswantara (2014) which state that the size of the Shere Market has no effect on profitability. In addition, the results of this study also support the theory *Managerial Efficiency Theory of Profit* which explains that companies that are managed efficiently will earn profits above the average normal profit

Simultaneous Influence of Market Shere, BOPO and LDR on Bank Profitability
The fourth research hypothesis states that there is a mutual influence between Market Shere, BOPO and *LDR* on Profitability. Based on the results of hypothesis testing in table 6, it is known that the three of them together have an influence on bank profitability. This can be explained that As with the industrial economy in general, banks also use Market Shere to gain profits. Companies with better market share will enjoy the benefits of product sales and increase in share prices and get good performance. Gains derived from large or small market shares, and these gains reflect market gains (because the company works on market demand) or better efficiency (because it achieves economies of scale). On the other hand, the BOPO ratio is often called the efficiency ratio used to measure the ability of bank management to control operating costs against operating income. The smaller this ratio means the more efficient the operational costs incurred by the bank concerned and vice versa. This is because any increase in operating costs will result in a decrease in profit before tax and will ultimately reduce the profitability of the bank concerned and vice versa any decrease in operating costs will increase the bank's profit level . Furthermore, if LDR partially has no effect but when together with Market Shere and BOPO it turns out that LDR has an influence on profitability, this can be explained that when Market Shere increases, the bank's ability to meet liquidity will not be a burden in generating profits due to the abundance of third party funds. DPK is strengthened by controlling BOPO operational costs so that LDR has an influence on company profitability.

V. CONCLUSIONS AND POLICY IMPLICATIONS
Based on the research results and discussion, the following research conclusions can be drawn: 1) Market share partially has a significant effect on bank profitability, meaning that the size of a company's market share can determine the level of bank profitability; 2) BOPO has a partial negative effect on bank profitability, meaning that any increase in the ratio of operating expenses to operating income will increase the company's fixed expenses and will reduce the level of bank profitability, and vice versa when the ratio decreases, the burden will decrease and will increase bank profitability; 3) LDR partially does not affect the profitability of the Bank, meaning that the high or low liquidity capacity of the Bank in fulfilling its short term obligations is not able to affect the level of Bank profitability; and 4) Market Shere, BOPO and LDR simultaneously affect Bank Profitability, the magnitude of the influence of these three variables based on statistical tests is 72.9%.
This research has been carried out with scientific procedures however there are still limitations to the independent variables, where the profitability variable is only tested with three independent variables namely Market Shere, BOPO and LDR and the strength of its influence based on statistical tests is only 72.9% whereas other variables that affect profitability are actually bigger and more. Another limitation is the company research sample which is only represented by 8

companies in the banking industry and the length of observation is only 5 years so that the results cannot be generalized to other types of industries.

Based on the limitations of this study, the researcher provides recommendations for further researchers to examine other variables besides Market Shere, BOPO and LDR which can affect the level of bank profitability, including considering Moderator and Mediator variables to control the influence of independent variables.

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