The Effect of Bank Indonesia 7-Day Reverse Repo Rate on Profitability and Banking Capital in Indonesia

Made Wikananda Manik Wasita, Luh Gede Sri Artini, and I Made Dana

ABSTRACT

Changes in the reference interest rate of Bank Indonesia from the BI Rate to the BI 7-Day Reverse Repo Rate cause differences in the tenor of depositing funds in Bank Indonesia Certificates, percentages, and interest income earned, which will cause differences in bank financial performance, particularly in bank profitability and capital. Bank profitability is measured using ROA, ROE, NIM, and bank capital is measured using CAR. The purpose of this study is to analyze the differences in banking profitability and capital before and after the BI 7-Day Reverse Repo Rate so as to determine the effect of the BI 7-Day Reverse Repo Rate on banking profitability and capital in Indonesia. The sample in this study is 4 banks through purposive sampling at state-owned commercial banks that were registered on the Indonesia Stock Exchange and had published quarterly financial reports at the Financial Services Authority in the period 2012-2020. This study uses non-participant observation methods and the Wilcoxon Signed Rank Test. The results show that there are significant differences in banking profitability and capital in Indonesia before and after the BI 7-Day Reverse Repo Rate, thereby proving that the BI 7-Day Reverse Repo Rate has a significant effect on banking profitability and capital in Indonesia.

Keywords: BI 7-Day Reverse Repo Rate, Return on Assets, Return on equity, net interest margin, Capital Adequacy Ratio.

I. INTRODUCTION

According to the Law of the Republic of Indonesia Number 10 of 1998 dated November 10, 1998, regarding the banking system, a bank is a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of loan or other forms in improving the standard of living of the community which causes banks to be a company that is highly regulated and regulated by the Government through provisions set by the Financial Services Authority, and every bank is required to publish financial reports periodically to provide an overview to owners, management, government, and the public regarding the performance and condition of the bank. The bank's financial statements can be easily read if the analysis has been carried out first, namely by using bank financial ratios following applicable standards.

Many factors affect the performance of a bank, both internal and external factors. One of the external factors that cannot be controlled by banks and are quite disruptive to bank performance is inflation. The Government will respond to the increase in the inflation rate through the monetary authority, namely the central bank, by issuing contractionary policies such as raising the benchmark interest rate. Bank Indonesia, as the monetary authority in Indonesia, will raise the benchmark interest rate, which is the BI Rate (Andhikatama & Daulay, 2020).

The role of the benchmark interest rate is very important in banking operations because the reference interest rate can affect bank risk. Geng et al. (2016) stated that the benchmark interest rate of the central bank in China had a significant positive effect on bank risk in China in the period 2001-2012. Cortez et al. (2019) also show that the benchmark interest rate of the central bank in the Philippines has a significant positive effect on banking risk in the Philippines in the period 2008-2018. Those proves that an increase in the benchmark interest rate can increase the risks experienced by banks, especially the risk of bad loans because banks will increase deposit rates (deposits, demand deposits, and savings) which cause people to prefer to save their funds in banks, so the bank will experience an increase in the cost of funds. The only solution that banks can do is to increase credit interest rates which will affect increasing the risk experienced by banks.

Problem-solving is carried out by Bank Indonesia in dealing with increased banking risk due to the increase in the BI Rate by pledging securities in the form of Bank Indonesia Certificates to banks so that when the BI Rate increases, banks can deposit their funds at Bank Indonesia. The interest rate for this Bank Indonesia Certificate is determined based on the auction system and refers to the BI Rate. If the BI Rate increases, the SBI interest rate will also increase (Rai & Purnawati, 2017). The results of Rai & Purnawati (2017) prove that the interest rate for Bank Indonesia Certificates has a significant negative effect on banking credit in Indonesia, which indicates that the purpose of establishing the BI Rate...
is to overcome inflation because when inflation occurs, banks will prefer to place their funds in Bank Indonesia, in the form of Bank Indonesia Certificates rather than being used to channel credit, so that it will reduce the amount of money circulating in the community and the risks experienced by banks.

BI Rate in its implementation has weaknesses. The weakness of the BI Rate policy is that if inflation has decreased, banks cannot immediately withdraw funds held at Bank Indonesia before a period of 12 months, which means banks cannot directly operate to channel funds to the public, causing a long lag from falling inflation to economic growth can be achieved. The complexity of the problems faced, so in mid-April 2016, Bank Indonesia issued a new policy regarding the benchmark interest rate, namely the BI 7-Day Reverse Repo Rate.

Fig. 1 shows that the value of the BI Rate ranges from 5.75-6.75 percent in 2012, 5.75-7.50 percent in 2013, 7.50-7.75 percent in 2014 and 2015. In 2016 is the year in which the BI 7-Day Reverse Repo Rate policy was issued, so in 2016 there was a fluctuation in the percentage of the BI Rate, namely in January-March 2016, the BI Rate was still in the range of 6.75-7.50 percent.

The BI 7-Day Reverse Repo Rate policy announced by Bank Indonesia in April 2016 caused Bank Indonesia's benchmark interest rate to experience a significant decline, namely by 4.75-6.75 percent in April-December 2016, 4.25-4.75 percent in 2017, 4.25-5.75 percent in 2018, 5.00-6.00 percent in 2019, and 2020, the emergence of the Covid-19 pandemic caused the benchmark interest rate to experience a drastic decline in the range 3.75-5.00 percent. This decrease in percentage indicates that the new benchmark interest rate (BI 7-Day Reverse Repo Rate) is always lower than the BI Rate due to the much shorter tenor of Bank Indonesia Certificates.

The objective of Bank Indonesia to change the BI Rate to the BI 7-Day Reverse Repo Rate is that after inflation declines, banks do not need to wait up to 12 months to withdraw their funds. The issuance of the BI 7-Day Reverse Repo Rate policy causes banks to only have to wait for 7 days, 14 days, 21 days, or multiples thereof to withdraw their funds in the form of Bank Indonesia Certificates at Bank Indonesia so that banks can directly channel these funds to the public to meet their daily needs and the economy can run smoothly. The BI 7-Day Reverse Repo Rate can also encourage banks to be more active in regulating loan interest rates and deposit rates so that they can affect the circulation of money in banks and are expected to increase the credit budget for small and medium industries which is one of the important economic milestones of a country. country (Marwansyah & Rusiyati, 2019).

Banks required to conduct an individual bank soundness assessment with the scope of the assessment that must be included in CAMEL. Banking performance in CAMEL that is important to note and has a considerable influence on banks is earnings and capital (Amelia & Aprilianti, 2018). Profitability and capital performance are also very important because they can be indicators and benchmarks in knowing the performance, growth, and level of banking health (Khoeruloh et al., 2020). Statements of Khoeruloh et al. (2020) underlie the selection of profitability and capital as benchmarks of banking financial performance which will be examined in this study.

The first benchmark of a bank's financial performance is profitability. Profitability shows the ability of a company to manage assets so that it can generate (Steven & Toni, 2020). Profitability is very important for banks because the source of bank funding comes mostly from people who have the confidence to save their funds which are commonly called third-party funds (Ekinci & Poyraz, 2019). The profitability of a bank can be seen from the reference interest rate issued by the central bank, where the benchmark interest rate is an external factor of the bank (Assfaw, 2018).

Budiyono (2017) found that the benchmark interest rate of Bank Indonesia had a significant effect on the profitability of the banking sector in Indonesia in the period 2013-2016. Javed & Basheer (2017) find that the benchmark interest rate issued by the central bank in Pakistan has a significant positive effect on banking profitability in Pakistan in the period 2003-2013. Ilaboya & Imas (2016) stated that the benchmark interest rate of the central bank in Nigeria had a significant positive effect on banking profitability in Nigeria in the period 2006-2012. The results of the study are also in line with research conducted in Indonesia. Khoeruloh et al. (2020) stated that the benchmark interest rate of Bank Indonesia had a significant positive effect on banking profitability in Indonesia.

Research with different results was found by Setiawan & Hamyono (2016), Ayerza (2018) which stated that the reference interest rate of Bank Indonesia had no effect on banking profitability in Indonesia. Setiawan & Supadmi (2019) also stated that the benchmark interest rate of Bank Indonesia had no significant effect on banking profitability in Indonesia.

Bank profitability is measured using profitability ratios. Bank profitability ratios used in this study, namely: Return on Assets (ROA), Return on Equity (ROE), and Net Interest Margin (NIM). The reason for choosing ROA, ROE, and NIM as proxies for bank profitability to be studied is that the three ratios reflect fluctuations in bank profitability and show the bank's ability to achieve the desired profitability because ROA, ROE, and NIM are ratios that describe the bank's ability to earn profit based on assets, equity, and productive assets owned (Sugiarto & Lestari, 2017).

The second benchmark of a bank's financial performance is capital or capitalization. Capital has a big influence on
banks because capital is funds invested by the owner to finance the bank's business activities and provide business guarantees to the bank. Bank capital or capitalization consists of core capital owned by the bank in measuring the performance and financial stability of the bank (Sporta, 2018). Banks with large enough capital will be able to manage bank performance well which will affect the increase in bank profitability (Sugiarto & Lestari, 2017). One of the factors that influence the source of bank funding is the reference interest rate issued by the central bank. The central bank's reference interest rate will affect the number of bank deposits and credit, which are one of the main sources of bank capital (Ningsi, 2019).

Marwansyah & Rusiyati (2019) found that the benchmark interest rate of Bank Indonesia had a significant negative effect on capital or capitalization of the banking sector in Indonesia. Research with different results was found by Sariyanto & Tanjung (2020) which state that the reference interest rate of Bank Indonesia has no and no significant effect on banking capital adequacy in Indonesia.

Bank capital is measured using the capital ratio. The bank's capital ratio used in this study is the Capital Adequacy Ratio (CAR). The reason for choosing CAR as a proxy for bank capital is because CAR is used as a guideline by the Government in measuring the capital capacity or Minimum Capital Adequacy Requirement of banks to assess the soundness of banks. Changes in the BI Rate policy to the BI 7-Day Reverse Repo Rate may affect the profitability and capital of banks in Indonesia due to changes in percentages, the period for refunds stored in Bank Indonesia Certificates, and interest income that will be received by banks. Based on research conducted by Marwansyah & Rusiyati (2019) found that profitability and bank capital have a significant difference between before and after the BI 7-Day Reverse Repo Rate policy. The determination of the BI 7-Day Reverse Repo Rate reference rate which was just set by Bank Indonesia in 2016 has caused research on this comparative study not to have a research gap because there is still little research on comparative banking financial performance before and after the BI 7-Day Reverse Repo Rate. This comparative research on the relatively new BI 7-Day Reverse Repo Rate is one of the reasons behind the need for further research on the comparative financial performance of banks before and after the BI 7-Day Reverse Repo Rate.

This research was conducted on conventional commercial banks that have published financial reports at the Financial Services Authority. The selection of conventional commercial banks in this study is because conventional commercial banks in their operations purchase Bank Indonesia Certificates, and later within a certain period according to the tenor of the reference interest rate, conventional commercial banks will withdraw funds in the Bank Indonesia Certificate and circulated to the public, and banks will earn interest income. The interest rate for this Bank Indonesia Certificate refers to the reference interest rate issued by Bank Indonesia. Conventional commercial banks, especially state-owned banks, will always pay attention to movements in the reference interest rate of Bank Indonesia in determining the deposit and loan interest rates.

### A. Research Hypothesis

H1: There is a significant difference in the profitability of banks in Indonesia before and after the BI 7-Day Reverse Repo Rate.

H2: There is a significant difference in banking capital in Indonesia before and after the BI 7-Day Reverse Repo Rate.

### II. Methodology

This research was conducted with a comparative study on profitability and bank capital before and after the BI 7-Day Reverse Repo Rate. Banking profitability will be measured using ROA, ROE, and NIM, and banking capital will be measured using CAR. The next step is to perform statistical analysis of the two-average trial using the SPSS program, so that information related to the significance of the difference between profitability and banking capital before and after the BI 7-Day Reverse Repo Rate will be obtained and can determine whether there is an influence of the BI 7-Day Reverse Repo Rate on profitability and bank capital in Indonesia. This research was conducted at conventional commercial banks that have been listed on the Indonesia Stock Exchange and have published quarterly financial reports at the Indonesian State Financial Services Authority in the period 2012-2020.

The population in this study are 46 conventional commercial banks in Indonesia that have been listed on the Indonesia Stock Exchange and have published quarterly financial reports at the Financial Services Authority in the period 2012-2020. This study uses a purposive sampling technique, with the criteria specified in the sample selection: 1) Conventional commercial banks that have been listed on the Indonesia Stock Exchange in the period 2012 to 2020 and are not being suspended by Bank Indonesia and the Financial Services Authority while conducting observations; 2) Conventional commercial banks that have published quarterly financial reports for the period 2012 to 2020 on the website of the Financial Services Authority; 3) Conventional commercial banks classified in the category of State-Owned Banks. Based on the criteria for determining the sample, from a total of 46 banks, four banks met the criteria, so the sample banks in this study were four banks. The data collection method in this study is a non-participant observation method. The analytical technique used is the Paired T-Test and the Wilcoxon Signed Rank Test.

### III. Results and Discussion

#### A. Differences in Banking Profitability in Indonesia Before and After BI 7-Day Reverse Repo Rate

The results of the Wilcoxon Signed Rank Test show that the first hypothesis which states that there is a significant difference in bank profitability before and after the BI 7-Day Reverse Repo Rate is acceptable. The results of this test are the following research conducted by Marwansyah & Rusiyati (2019) which shows that the profitability of banking in Indonesia has a significant difference between before and after the BI 7-Day Reverse Repo Rate policy.
Based on Table I, it can be seen that the negative ranks or negative difference between ROA after BI 7-Day Reverse Repo Rate and ROA before BI 7-Day Reverse Repo Rate is 60, which shows 60 ROA data after BI 7-Day Reverse Repo Rate has decreased compared to before BI 7-Day Reverse Repo Rate. The percentage of the reference interest rate that indicates at Bank Indonesia, which will certainly affect the bank's profitability. Banks will also reduce interest income earned by the central bank's reference interest rate has a significant effect on banking profitability in Indonesia, and is supported by research conducted by Budiyono (2017) which states that the benchmark interest rate of Bank Indonesia has a significant effect on banking profitability in Indonesia, and is supported by research conducted by Salihin (2020) which states that the benchmark interest rate of Bank Indonesia is the benchmark interest rate at Bank Indonesia.

| TABLE I: ROA RANKS | N | Mean Rank | Sum of Ranks |
|---------------------|---|-----------|--------------|
| ROA After BI 7-Day Reverse Repo Rate – Reverse Repo Rate | Negative Ranks | 60° | 40.34 | 2420.50 |
| ROA Before BI 7-Day Reverse Repo Rate | Positive Ranks | 12° | 17.29 | 207.50 |
| Total | 72 |

Based on Table II, it can be seen that the negative ranks or negative difference between ROE after the BI 7-Day Reverse Repo Rate and the ROE before BI 7-Day Reverse Repo Rate is 61, which shows that 61 ROE data after the BI 7-Day Reverse Repo Rate have decreased compared to the previous BI 7-Day Reverse Repo Rate. It can be seen that the negative ranks or negative difference between ROE after BI 7-Day Reverse Repo Rate and ROE before BI 7-Day Reverse Repo Rate is 61, which shows that 61 ROE data after the BI 7-Day Reverse Repo Rate have decreased compared to the previous BI 7-Day Reverse Repo Rate. The percentage of the reference interest rate that indicates at Bank Indonesia, which will certainly affect the bank's profitability. Banks will also reduce interest income earned by the central bank's reference interest rate has a significant effect on banking profitability in Indonesia, and is supported by research conducted by Salihin (2020) which states that the benchmark interest rate of Bank Indonesia is the benchmark interest rate at Bank Indonesia.

| TABLE II: ROE RANKS | N | Mean Rank | Sum of Ranks |
|---------------------|---|-----------|--------------|
| ROE After BI 7-Day Reverse Repo Rate – Reverse Repo Rate | Negative Ranks | 61° | 40.75 | 2486.00 |
| ROE Before BI 7-Day Reverse Repo Rate | Positive Ranks | 11° | 12.91 | 142.00 |
| Total | 72 |

Based on Table III, it can be seen that the negative ranks or negative difference between the NIM After BI 7-Day Reverse Repo Rate and the NIM before BI 7-Day Reverse Repo Rate is 56, which shows that 56 NIM After BI 7-Day Reverse Repo Rate data has decreased compared to the previous BI 7-Day Reverse Repo Rate. It can be seen that the negative ranks or negative difference between the NIM After BI 7-Day Reverse Repo Rate and the NIM before BI 7-Day Reverse Repo Rate is 56, which shows that 56 NIM After BI 7-Day Reverse Repo Rate data has decreased compared to the previous BI 7-Day Reverse Repo Rate. The percentage of the reference interest rate that indicates at Bank Indonesia, which will certainly affect the bank's profitability. Banks will also reduce interest income earned by the central bank's reference interest rate has a significant effect on banking profitability in Indonesia, and is supported by research conducted by Salihin (2020) which states that the benchmark interest rate of Bank Indonesia is the benchmark interest rate at Bank Indonesia. Banks will also reduce interest rates on deposits when the benchmark interest rate declines which will affect the public's reduced interest in saving their

| TABLE III: NIM RANKS | N | Mean Rank | Sum of Ranks |
|---------------------|---|-----------|--------------|
| NIM After BI 7-Day Reverse Repo Rate – Reverse Repo Rate | Negative Ranks | 56° | 42.26 | 2366.50 |
| NIM Before BI 7-Day Reverse Repo Rate | Positive Ranks | 15° | 12.63 | 189.50 |
| Total | 72 |

Based on the description above, it can be stated that the BI 7-Day Reverse Repo Rate has a significant effect on the profitability of banking in Indonesia, where the profitability of banking before BI 7-Day Reverse Repo Rate is better than the profitability of the banking sector After BI 7-Day Reverse Repo Rate. The results of this study are following research conducted by Budiyono (2017) which states that the benchmark interest rate of Bank Indonesia has a significant effect on banking profitability in Indonesia, and is supported by research conducted by Salihin (2020) which states that the central bank's reference interest rate has a significant positive effect on the profitability of the banking sector.

The percentage of the reference interest rate that is smaller or lower during the BI 7-Day Reverse Repo Rate will cause banks to actively reduce loan interest rates so that it will cause a decrease in the profits earned by banks because most of the profits earned by banks come from loan interest rates issued by banks. bank to the debtor. The percentage of the reference interest rate that is lower or smaller during the BI 7-Day Reverse Repo Rate will also reduce interest income earned by banks when they take funds stored in the form of Bank Indonesia Certificates at Bank Indonesia, which will certainly affect the bank's profitability. Banks will also reduce interest rates on deposits when the benchmark interest rate declines which will affect the public's reduced interest in saving their

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funds in banks and will choose to invest their funds in other instruments, such as the capital market.

The COVID-19 pandemic that occurred in 2020 could also affect the decline in banking profitability because banks will be burdened with high credit restructuring. One form of credit restructuring carried out by banks is to reduce credit interest rates to help debtors who have difficulty paying credit and interest to banks due to the impact of the COVID-19 pandemic, which forced the Government to implement a policy of Large-Scale Social Restrictions and Enforcement of Restrictions on Community Activities, and shutting down most sectors of the Indonesian economy.

**B. Differences in Banking Capital in Indonesia Before and After BI 7-Day Reverse Repo Rate**

The results of the Wilcoxon Signed Rank Test show that there is a significant difference in banking capital before and after the BI 7-Day Reverse Repo Rate is acceptable. The results of this test are following research conducted by Marwansyah & Rusiyati (2019) which shows that banking capital in Indonesia has a significant difference between before and after the BI 7-Day Reverse Repo Rate policy. The analysis in determining which capital is better before or after BI 7-Day Reverse Repo Rate will be presented in Table IV.

| TABLE IV: CAR RANKS | N | Mean Rank | Sum of Ranks |
|---------------------|---|-----------|--------------|
| CAR After BI 7-Day Reverse Repo Rate | Negative Ranks | 7 | 19.00 | 133.00 |
| CAR After BI 7-Day Reverse Repo Rate – CAR Before BI 7-Day Reverse Repo Rate | Positive Ranks | 65 | 38.38 | 2495.00 |
| CAR After BI 7-Day Reverse Repo Rate | Ties | 0 | 0 | 0 |
| Total | | 72 | 1338 | 94 |

Based on Table IV, it can be seen that the negative ranks or negative difference between the CAR After BI 7-Day Reverse Repo Rate and the CAR Before BI 7-Day Reverse Repo Rate is 7, which shows as many as 7 data on the CAR After BI 7-Day Reverse Repo Rate has decreased compared to when before BI 7-Day Reverse Repo Rate, while the positive ranks or positive difference between the CAR After BI 7-Day Reverse Repo Rate and the CAR Before BI 7-Day Reverse Repo Rate is 65 which shows 65 CAR After BI 7-Day Reverse Repo Rate data. The rate has increased compared to before BI 7-Day Reverse Repo Rate, and the ties or similarity of CAR After and before BI 7-Day Reverse Repo Rate is 0 which indicates that there is no equal CAR between before and After BI 7-Day Reverse Repo Rate. Table IV proves that the BI 7-Day Reverse Repo Rate significantly influences the CAR of state-owned banks in Indonesia for the period 2012-2020 where the CAR of state-owned banks After BI 7-Day Reverse Repo Rate is better than the CAR of state-owned banks before the BI 7-Day Reverse Repo Rate.

Based on this description, the BI 7-Day Reverse Repo Rate has a significant effect on banking capital in Indonesia, where after BI 7-Day Reverse Repo banking capital is better than banking capital before the BI 7-Day Reverse Repo Rate. The results of this study are supported by research by Marwansyah & Rusiyati (2019) which states that the benchmark interest rate issued by Bank Indonesia has a significant negative effect on capital or capitalization of the banking sector in Indonesia.

Bank capital can come from funds sourced from the bank itself, one of which is in the form of shareholder capital deposits. The percentage of the benchmark interest rate that is lower or smaller when the BI 7-Day Reverse Repo Rate will cause a decrease in deposit interest rates by banks so that the public or investors will withdraw the funds stored in the bank and prefer to invest their funds in the capital market, one of which is stocks. This event will cause the capital market to become active so that the bank will issue more shares in the capital market which will cause an increase in paid-in capital from shareholders and will increase the capital owned by the bank.

Banks can also obtain capital from other institutions, such as credit from Bank Indonesia, interbank loans (call money), and Money Market Securities from other banks. The percentage of the benchmark interest rate that is lower or smaller when the BI 7-Day Reverse Repo Rate will lower the interest rates on loans issued by Bank Indonesia and other banks, so that it will be easier for banks to borrow credit funds, call money, and gas stations by paying higher interest rates. Smaller which causes the capital turnover in the bank to be maintained and will affect the increase in the capital owned by the bank.

**C. Research Implications**

The theoretical implications of this research can provide empirical contributions regarding the analysis of differences (comparative studies) of profitability and banking capital in Indonesia before and after the BI 7-Day Reverse Repo Rate policy to determine whether there is an effect of the BI 7-Day Reverse Repo Rate on bank profitability and capital in Indonesia. Changes in the percentage, period (tenor) of refunds stored in Bank Indonesia Certificates, as well as interest income, will affect the profitability and capital of banks. The results of this study can provide and add empirical evidence that shows there are significant differences in profitability and bank capital in Indonesia before and after the BI 7-Day Reverse Repo Rate and can prove that the BI 7-Day Reverse Repo Rate has a significant effect on profitability and banking capital in Indonesia. Banking profitability in Indonesia is better when the benchmark interest rate is the BI Rate compared to the BI 7-Day Reverse Repo Rate, while banking capital in Indonesia is better when the benchmark interest rate is the BI 7-Day Reverse Repo Rate compared to the BI Rate.
Rate policy, especially in increasing the achievement of bank profitability.

D. Research Limitations

This study has limitations on the lack of empirical evidence regarding the comparison of profitability and bank capital in Indonesia before and after the BI 7-Day Reverse Repo Rate so it is hoped that this research can add empirical evidence regarding the comparison of profitability and bank capital in Indonesia due to changes in the policy interest rate reference. From BI Rate to BI 7-Day Reverse Repo Rate. Another limitation of this research is that the banking performance studied is only profitability and bank capital, so it does not describe the overall banking performance. For further researchers, it is hoped that they can add or use different banking performances, but still indicate and describe the soundness of banking.

IV. CONCLUSION

The public and investors should be able to assess the bank’s financial performance and measure the soundness of the bank in the BI 7-Day Reverse Repo Rate policy reference rate policy so that they can make the right decisions in storing or investing their funds to minimize losses due to the bank’s profitability in the period. BI 7-Day Reverse Repo Rate decreased. Banks are expected to pay attention to factors that can affect banking financial performance, one of which is the benchmark interest rate issued by the central bank, so that they can find the right strategy in achieving targeted financial performance, especially in increasing bank profitability.

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