

THE INFLUENCE OF NON-PERFORMING LOANS AND CASH TURNOVER ON LIQUIDITY IN BANKING COMPANIES LISTED ON THE IDX FOR THE 2017-2020 PERIOD

Siti Reuni Inayati*¹, Sahrul Ihsan²

Universitas Gunung Rinjani, Indonesia*¹²

reuniku09@gmail.com*¹, sahrulihسان751@gmail.com²

Abstract: This research aimed to analyze the impact of nonperforming loans and cash turnover on liquidity in financial institutions included in the IDX between 2017 and 2020. The sample for this research consisted of 46 financial institutions. Purposive sampling was utilized to choose 13 companies for a four-year study period (2017-2020). Information was gleaned from the Indonesia Stock Exchange's website (www.idx.co.id) and downloaded for analysis. Results from certain studies suggest that neither cash turnover nor non-performing loans have a direct impact on liquidity.

Keywords: Non-Performing Loans (NPL), Cash Turnover, Liquidity.

INTRODUCTION

Banks are "financial institutions whose activities collect funds from the public in the form of savings and then channel them back to the community in the form of credit and other forms" to raise people's living standards (Kasmir, 2014). (Merkusiwati, 2007) defines a bank as an organization whose primary purpose is to assist the flow of traffic and who also functions as a financial mediator between those who have money and those who need it. payment.

A bank's ability to operate financially well is essential for the efficient operation of the intermediary role it plays between parties with surplus cash and parties with a need for funds. Specifically, the Financial Services Authority (OJK) uses a set of measures known as CAMEL to determine whether or not a bank is financially stable enough to perform its regulatory responsibilities.

Expanding banks need more money to meet the requirements of the Financial Services Authority and keep up with their own success. Each bank constantly pays attention to its financial reports, so if they want to achieve their capital needs they may do it internally by focusing on things like non-performing loans and the flow of money. In order to satisfy its short-term loan commitments, a bank must have sufficient liquidity (Brigham, 2011). Since a bank's liquidity level is an indicator of its health, a high level of liquidity indicates that the bank's financial statements are healthy, and vice versa.

Liquidity problems are problems that occur at any time in a bank. Apart from liquidity, the problem that often occurs in banks is credit. Credit is the provision of loans to customers who are obliged to pay back along with the agreed interest at a pre-agreed time (Rivai, 2013). Non-performing loans are one kind of credit risk that banks must be prepared to accept in order to lend money.

Non-performing loans describe a situation where the approval of credit returns is at risk of failure, even indicating that the bank will incur potential losses (Kasmir, 2014). The existence of non-performing loans can reduce the amount of cash supply so that the

amount of cash in the bank becomes small because the amount of cash that should be received comes from loans provided by the bank to customers. With the emergence of non-performing loans, the level of cash turnover at the bank becomes smaller. This is because the operating income from lending is very small. After all the cash that should be received by the bank from lending is not received in full.

According to (Mulyono, 2012) the degree of cash turnover is described by a comparison between revenue and the average quantity of cash on hand. Cash turnover is a ratio that is intended to assess how capable a bank is of providing cash, where the availability of the bank's cash will be used to pay debts or bills and credit costs. Banks are also required to control cash optimally, so banks need information about cash positions that are likely to change every day (Ismail, 2018). Cash turnover shows how liquid a bank is with the cash it has in fulfilling its short-term debt. This is because, in order to service its short-term loan, the bank constantly monitors its financial state, which indicates the health of its cash turnover.

Research conducted by (Sasongko, 2013) states that the regression analysis of this study shows that credit risk has a negative and significant effect on profitability, cash turnover has a positive and significant effect on profitability, liquidity has a positive and insignificant effect on profitability, the level of capital adequacy has a positive and significant effect on profitability. Research (Yudana, 2015) states (1) there is a effect between non-performing loans and cash turnover on liquidity, (2) there is no relationship between the effect of non-performing loans on liquidity, (3) there is a positive and significant relationship between cash turnover and liquidity, (4) There is a relationship of the negative and significant influence of non-performing loans on cash turnover. (Sinaga, 2014) research states that NPL has a significant effect on cash turnover and NPL has a significant effect on cash turnover and NPL has no significant effect on liquidity in 2012. The indicates that the NPL ratio of a BPR needs to considered. Research in (Bernardin & Chaniago, 2017) and (Mia Muchia Desda & Mai Yuliza, 2021) stated that partially credit risk has a significant effect on liquidity. The results of statistical tests show that partially cash turnover does not have a significant effect on liquidity (current ratio), while accounts receivable turnover has a significant effect on liquidity (current ratio). Cash turnover and receivables turnover simultaneously does not have a significant effect on liquidity (current ratio) (Rahmat Hidayat, 2018).

The 2017-2020 research aimed to examine the impact of non-performing loans and cash turnover on the liquidity of IDX-listed financial institutions.

METHODS

Quantitative methods were used for this study. Information for this study was obtained by downloading it from the Indonesia Stock Exchange's website (www.idx.co.id). The sample size for this research consisted of all 46 banks that are members of the IDX. Thirteen financial institutions were selected as examples. Purposive sampling was utilized for the data collection. Taking data samples based on predetermined criteria is an example of purposive sampling, as stated by (Sugiyono, 2017). This study's sample was chosen using the following criteria:

Table 1. Sample Criteria

No	Kriteria	Sampel
1	Banking companies listed on the Indonesia Stock Exchange sequentially for the 2017-2020 period	46
2	Banking companies that publish complete financial reports on the Indonesia Stock Exchange for the 2017-2020 period	-33
	Total Sample	13

Source data:<http://www.idx.co.id> (processed data, 2023)

Dependent Variable

According to (Sugiyono, 2017), the independent variable acts as a cause and the dependent variable acts as an effect. In this analysis, Liquidity (Y) serves as the dependent variable. The term "liquidity" refers to a bank's capacity to repay client withdrawals using available credit. (Dendawijaya, 2001).

Independent Variable

According to (Sugiyono, 2017), independent variables are those that may be used to explain or predict the behavior of dependent variables. The impact of nonperforming loans (X1) and cash flow (X2) are the dependent variables. According to (Riyadi, 2006) that non-performing credit is a comparison between the amount of credit given with the collectibility level of substandard, doubtful, and loss compared to the total non-performing loans. Meanwhile, cash turnover shows the high cash circulating in the bank each period.

Data analysis technique

Multiple linear regression was utilized as the model for data analysis with the use of SPSS version 25 statistical software. In this research, multiple linear regression was utilized because it allows for clear conclusions to be drawn on the impact of each independent (free) variable on the dependent (dependent) variable. Following the aforesaid study paradigm, we can construct the regression as follows:

$$Y = a + b_1 X_1 + b_2 X_2 + e$$

Information:

Y = Liquidity

a = Koefisien constant

X₁ = Troubled credit

X₂ = cash turnover

b = Coefisien regression (error term)

The t-statistical test was employed to examine relationships between the study's variables. If you want to make a judgment based on the t statistic, you should check the 0.005 significance threshold value. There is no statistically significant relationship between the independent and dependent variables when the significance level is less than 0.05 (Ghozali, 2012:98), but there is a statistically significant relationship between them when the significance level is more than 0.05. The F-test is used in simultaneous testing. The F-test indicates whether or not all of the model's explanatory variables have

a significant impact on the dependent variable (Ghozali, 2012).

RESULT AND DISCUSSION

Descriptive statistic

Table 2 provides details on the data used in this research, including three data samples and their respective descriptions for each variable.

Table 2. Descriptive statistics

N		Minimum	Maximum	Mean	Std. Deviation
Troubled credits	52	16.00	766.00	252.0192	121.36794
Cash turnover	52	8.00	507.00	162.0577	117.49133
Liquidity	52	108.00	139.00	120.4231	6.68726
Valid N (listwise)	52				

Sources: Secondary data processed by SPSS 25 (2023)

Non-performing credit may range from a minimum of 16.00 to a high of 766.00. The data used for the non-performing credit variable has a mean value (mean) of 252.0192 and a standard deviation value (sd) of 121.36794 that is less than the mean, indicating a data distribution that is not that big. The data used for the non-performing loans variable has a data distribution that is not so large, with a mean of 162.0577 and a standard deviation of 117.49133 (the latter being smaller than the mean). The minimum cash turnover is 8.00, while the maximum value is 507.000.

Values range from a low of 108.00 to a high of 139.00. We may conclude that the data utilized for the cash turnover variable is of high quality since its mean value is 120.4231 and its standard deviation is just 6.68726 (less than the mean).

Classic assumption test

This research used a 5% significance level Kolmogorov-Smirnov test to examine residual data for signs of non-normality. If the Kolmogorov-Smirnov P-Value is greater than 0.05, then the data is considered to be regularly distributed (Ghozali, 2012). Asymp.Sig. (2-tailed) > 0.05, therefore we may infer that the residual data in the analytical model follow a normal distribution, which is what the normality test required. In this research, we examined the tolerance value and the variance inflation factor (VIF) to check for multicollinearity. The results of the multicollinearity test show that there is no significant correlation between any of the independent variables. The regression model is usable and free of multicollinearity issues, as seen below.

The purpose of the heteroscedasticity test is to determine whether the residuals or data in the regression model have a different variance than the other observations. The heteroscedasticity test shows that there is no significant relationship between any of the independent variables, since all of the significance levels are greater than .05. Therefore, the regression model is free of heteroscedasticity and usable for future study. The Durbin-Watson test (DW-Test) was used to look for autocorrelation. It is evident by comparing the DW value generated from the model to the value of the Durbin-Watson table, which is the basis of the autocorrelation test in the regression model. The Durbin-

Watson (D-W) table yields the lower limit value dl (1.4741) and du (1, 6334) for a sample size of four years x thirteen months ($n = 52$), with the independent variable in the regression model at a maximum of two ($k = 2$). The absence of autocorrelation is shown by the Durbin-Watson value of 1.715, which is within the interval (dl_{dw4}-du) or (1.47411.7152.3666).

Multiple Linear Regression Test

Multiple linear regression analyzes how each independent variable affects the outcome of the analysis. As shown by the following table:

Table 3. Multiple Linear Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	124.452	2.331		53.395	.000
	Troubled Credit	-.004	.007	-.066	-.493	.624
	Cash Turnover	-.019	.008	-.337	-2.510	.015

a. Dependent Variable: LIQUIDITY

Source: Secondary data processed by SPSS 25 (2023)

From the analysis test in table 3 it can be concluded that the equation regression is as follows:

$$Y = 124,452 - 0.004X_1 - 0,019X_2$$

According to the findings of the multiple linear regression test, can be described as follows:

1. the constant has a value of 124.452, which indicates that if the values of X_1 (the proportion of NPLs) and X_2 (the proportion of cash turnover) are both 0, then Y (liquidity) is also equal to 124.452.
2. If X_1 (non-performing loans) is negative by -0.004, the value of Y (liquidity) will decrease by -0.004 for every unit that X_1 grows by.
3. Given that the coefficient value is -0.019, the value of Y (liquidity) is decreased by -0.019 when the variable X_2 (cash turnover) is negative by -0.019.

Based on the statistical analysis of NPLs, it can be concluded that NPLs will have no appreciable impact on liquidity ($t_{count} > t_{table}$, $-0.493 > -2.0095$, $p > 0.05$; $0.624 > 0.05$). Since the introduction of NPLs prevents funds that would have entered and provided liquidity to the bank, we may infer that NPLs have a limited impact on liquidity. This is because NPLs cause the bank to be unable to satisfy its short-term commitments.

Statistical study shows that cash turnover has no effect on liquidity since t_{count} is bigger than t_{table} by -2.510 ($-2.510 > 2.0095$) at a significance level of less than 0.05 (0.015 < 0.05). The findings of the research suggest that banks have relatively low turnover, making them impossible to completely pay off short-term debt, although this is only partly true since banks constantly look at the quality of financial reports.

Hypothesis testing

The following conclusions may be drawn from the findings of the t-test for independent samples:

Table 4. Partial Test Results (t-test)

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	124.452	2.331		53.395	.000
1 Troubled credit	-.004	.007	-.066	-.493	.624
Cash Turnover	-.019	.008	-.337	-2.510	.015

a. Dependent Variable: LIQUIDITY

Source: Secondary data processed by SPSS 25 (2023)

Problem Credit

Table 4 shows that based on the tcount value of -0.493 and the ttable is searched for a significance of $0.05/2 = 0.025$ (2-sided test) with $df = n-k-1$ or $52-2-1 = 49$ then the results for ttable are 2, 00958. Because $tcount < ttable$ ($-0.493 < -2.00958$) then H_0 is accepted and H_a is rejected. Meanwhile, when viewed from the level of significance, the significance level is > 0.05 ($0.624 < 0.05$) then H_0 is accepted and H_a is rejected.

Cash Turnover

Based on Table 4, the tcount value is -2.510 and the ttable is searched for a significance of $0.05/2 = 0.025$ (2-sided test) with $df = n-k-1$ or $52-2-1 = 49$, so the result for ttable is 2.00958. Because $tcount > ttable$ ($-2.510 < 2.00958$) then H_0 is accepted and H_a is rejected. Meanwhile, when viewed from the level of significance, the significance level < 0.05 ($0.015 < 0.05$) then H_0 is accepted and H_a is rejected.

Simultaneous Test (F-Test)

Simultaneous test calculations are carried out by comparing the values obtained from the F distribution table at a certain significant level.

Table 5. Simultaneous Test Results (F-Test)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	277.292	2	138.646	3.391	.042 ^b
	Residual	2003.400	49	40.886		
	Total	2280.692	51			

a. Dependent Variable: Liquidity

b. Predictors: (Constant), cash turnover, troubled credits

Source: Secondary data processed by SPSS 25 (2023)

Table 5 shows that problem loans and cash turnover do not substantially impact liquidity since the significance value for the effect of the independent variable on the dependent variable is 0.042 0.05 and the Fcount value is 3.391 Ftable.18.

The Effect of Non-Performing Loans on Liquidity in Banking Companies Listed on the IDX for the 2017-2020 Period

Based on the statistical analysis of NPLs, it can be concluded that NPLs will have no appreciable impact on liquidity in banking companies included in the IDX between 2017 and 2020 ($t_{count} > t_{table}$, $-0.493 > -2.0095$, $p > 0.05$; $0.624 > 0.05$). Since the introduction of NPLs prevents funds that would have entered and provided liquidity to the bank, we may infer that NPLs have a limited impact on liquidity. This is because NPLs cause the bank to be unable to satisfy its short-term commitments.

This study's findings are consistent with those of Yudana, et al (2018) and Sinaga (2014), both of which found no statistically significant relationship between the level of non-performing loans (NPLs) and the liquidity of Central Java-based BPRs.

The Effect of Cash Turnover on Liquidity in Banking Companies Listed on the IDX for the 2017-2020 Period

Statistical study shows that cash turnover has no effect on liquidity since t_{count} is bigger than t_{table} by -2.510 ($-2.510 > 2.0095$) at a significance level of less than 0.05 ($0.015 > 0.05$). The findings of the research suggest that banks have relatively low turnover, making them impossible to completely pay off short-term debt, although this is only partly true since banks constantly look at the quality of financial reports. This study's findings corroborate those of one by (Sinaga, 2014), which found that cash turnover had no appreciable impact on liquidity.

The Effect of Simultaneous Non-Performing Loans and Cash Turnover on Liquidity in Banks Registered on the IDX for the 2017-2020 Period

$F_{count} > F_{table}$ ($3.391 > 3.18$) with a significant $0.42 > 0.05$, showing that non-performing loans and cash turnover have no significant effect on liquidity in the IDX-banking company, as determined by the results of the simultaneous test. There has been a year-over-year rise in both non-performing loans and cash turnover at all U.S. banks, despite the fact that most consumers still pay their bills late. Because of this, short-term loan payments shouldn't be greatly impacted and banks may continue to operate with a steady flow of cash. This study's findings corroborate those of (Sinaga, 2014), who found that nonperforming loans had a major impact on both cash flow and liquidity.

CONCLUSION

The overall analysis shows that there is no correlation between cash turnover and liquidity among IDX-listed banks during the 2017-2020 period, and that non-performing loans have no significant effect on liquidity among IDX-listed banks during the same time period. In the meanwhile, over the period 2017-2020, the liquidity of banking businesses included in the IDX is not severely impacted by non-performing loans or cash turnover.

REFERENCES

- Bernardin, D. E. Y., & Chaniago, M. S. (2017). Pengaruh Risiko Kredit Terhadap Likuiditas Melalui Perputaran Piutang Pada Koperasi Harapan Jaya. *Jurnal Ecodemica*, 1(2), 193–200.
- Brigham, E. (2011). *Dasar-Dasar Manajemen Keuangan, Edisi 10*. Jakarta: Salemba

Submitted: August 02, 2023; Revised; April 01, 2024; Accepted; April 13, 2024;

Published: April 30, 2024; Website: <http://journalfeb.unla.ac.id/index.php/jasa>

Empat.

- Dendawijaya, L. (2001). *Manajemen Perbankan*. Bogor: Ghalia Indonesia.
- Ghozali, I. (2012). *Aplikasi Analisis Multivariance Dengan Program IBM SPSS 25*. Semarang: Universitas Diponegoro.
- Ismail. (2018). *Manajemen Perbankan : Dari Teori Menuju Aplikasi*. Jakarta: Kencana Predana Media Group.
- Kasmir. (2014). *Bank Dan Lembaga Keuangan Lainnya*. Jakarta: PT. Raja Grafindo Persada.
- Merkusiwati, N. (2007). *Evaluasi Pengaruh CAMEL Terhadap Kinerja Perusahaan*. Retrieved from Buletin Studi Ekonomi 12(1): <https://scholar.google.co.id/citations?user=RnWIOsEAAAAJ&hl=en>
- Mia Muchia Desda, & Mai Yuliza. (2021). Pengaruh Risiko Kredit Terhadap Likuiditas Melalui Perputaran Piutang Pada PT. BPR Swadaya Anak Nagari. *WACANA EKONOMI (Jurnal Ekonomi, Bisnis Dan Akuntansi)*, 20(2), 161–169. <https://doi.org/10.22225/we.20.2.2021.161-169>
- Mulyono, T. (2012). *Analisis Keuangan Untuk Perbankan*. Jakarta: Djambatan.
- Rahmat Hidayat. (2018). Pengaruh Perputaran Kas dan Perputaran Piutang Terhadap Tingkat Likuiditas Pada Perusahaan Otomotif Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Manajemen*, 4(2), 71–83.
- Rivai, V. (2013). *Commercial Bank Management: Manajemen Perbankan Dari Teori Ke Praktik, Edisi 1, Cetakan 1*. Jakarta: Rajawali Pers.
- Riyadi, S. (2006). *Banking Assets And Liability Management*. Jakarta: FE UI.
- Sasongko, I. (2013). Analisis Pengaruh Resiko Kredit, Perputaran Kas, Likuiditas, Tingkat Kecukupan Modal, dan Efisiensi Operasional Terhadap Profitabilitas Perusahaan Perbankan yang Terdaftar di BEI Periode 2007-2013. *Journal Of Economics*, 3 (Icmd), 1-15.
- Sinaga, A. (2014). *Pengaruh Kredit Bermasalah Terhadap Perputaran Kas dan Likuiditas Pada BPR Konvensional Di Wilayah Regional Jawa Tengah*. Salatiga: Universitas Kristen Satya Wacana.
- Sugiyono. (2017). *Metode Penelitian Kuantitatif, Kualitatif Dan R&D*. Bandung: PT. Alfabeta.
- Yudana, P. (2015). Pengaruh Kredit Bermasalah Dan Perputaran Kas Terhadap Likuiditas Pada Lembaga Perkreditan Desa Kecamatan Seririt. *Jurnal Manajemen*, 3(1). Retrieved from <http://ejournal.undiksha.ac.id/index.php/JJM/article/view/4587/3522>