Effect of Cash Turnover, Receivables Turnover, Asset Turnover, and Market Risk on Company Profitability in the Banking Subsector for the 2022-2024 Period

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ABSTRACT
This study aims to analyze the effect of cash turnover, receivables turnover, asset turnover, and market risk on profitability, as proxied by Return on Assets (ROA), in banking subsector companies for the 2022-2024 period. The research approach used was quantitative with a purposive sampling technique, resulting in a total of 141 data points from 47 companies. The data analysis technique used multiple linear regression analysis with the help of SPSS 23 software. The results of partial hypothesis testing indicate that the cash turnover variable has a negative and significant effect on profitability, while market risk is found to have a positive and significant effect on profitability. The receivables turnover and asset turnover variables do not show any significant effect on profitability. The results of the coefficient of determination test indicate that the ability of the independent variable to explain the variation in the dependent variable is 19.2%, while the remainder is influenced by other factors outside this research model.

Keywords: Profitability; Cash Turnover; Asset Turnover; Market Risk; ROA

Pengaruh Perputaran Kas, Perputaran Piutang, Perputaran Aset, dan Risiko Pasar terhadap Profitabilitas Perusahaan di Subsektor Perbankan untuk Periode 2022-2024

Abstrak
Pengaruh Perputaran Kas, Perputaran Piutang, Perputaran Aset, dan Risiko Pasar terhadap Profitabilitas Perusahaan di Subsektor Perbankan untuk Periode 2022-2024 Penelitian ini bertujuan untuk menganalisis pengaruh perputaran kas, perputaran piutang, perputaran aset, dan risiko pasar terhadap profitabilitas yang diproksikan dengan *Return on Assets* (ROA) pada perusahaan subsektor perbankan periode 2022-2024. Pendekatan penelitian yang digunakan adalah kuantitatif dengan teknik pengambilan sampel secara *purposive sampling*, yang menghasilkan total 141 data dari 47 perusahaan. Teknik analisis data menggunakan analisis regresi linier berganda dengan bantuan perangkat lunak SPSS 23. Hasil pengujian hipotesis secara parsial menunjukkan bahwa variabel perputaran kas berpengaruh negatif dan signifikan terhadap profitabilitas, sedangkan risiko pasar ditemukan berpengaruh positif dan signifikan terhadap profitabilitas. Variabel perputaran piutang dan perputaran aset tidak menunjukkan adanya pengaruh yang signifikan terhadap profitabilitas. Hasil uji koefisien determinasi menunjukkan bahwa kemampuan variabel independen dalam menjelaskan variasi variabel dependen adalah sebesar 19,2%, sedangkan sisanya dipengaruhi oleh faktor-faktor lain di luar model penelitian ini.

Kata Kunci: Profitabilitas; Perputaran Kas; Perputaran Aset; Risiko Pasar; ROA

INTRODUCTION

The banking sector is the main driving force in the structure of the Indonesian economy, not only as a financial intermediary institution, but also as a monetary policy transmission agent and facilitator of economic activities in the real sector. Banks function as the heart of the financial system, pumping funds from surplus units to deficit units, carrying out payment transfer functions, and carrying out transformation and risk diversification [1]. The stability and health of the banking sector are prerequisites for economic growth, because its ability to channel funds efficiently will encourage increased production, consumption, and job creation. The performance of the banking sector is always a major focus for Bank Indonesia (BI) and the Financial Services Authority (OJK), investors, and the public, where collaboration between institutions is key to maintaining financial stability [2].

Profitability is a business entity's ability to generate profits from all its operational activities during a certain period [3]. Profitability ratios are indicators to evaluate management effectiveness in managing its resources, including capital, assets, and sales, to achieve optimal profits. Profitability measures, such as Return on Assets (ROA) or Return on Equity (ROE), not only reflect the final results of financial performance but also serve as proxies for operational efficiency and the company's future growth prospects [3]. Cash turnover is a financial ratio that measures the efficiency of a company's use of cash to generate sales revenue within a period [4]. This ratio quantifies the number of times a company's cash circulates through the operating cycle, from purchasing inventory to receiving cash from sales. A high cash turnover rate indicates effective liquidity management, where the company is able to finance its operations with minimal working capital and reduce the need for external funding. A low turnover rate can signal idle cash or inefficiencies in the cash conversion cycle [4].

Accounts receivable turnover is an efficiency measure used to analyze how quickly a company can collect its accounts receivable from customers into cash. This ratio is calculated by comparing total net credit sales to average accounts receivable over a given period. A high accounts receivable turnover reflects effective credit and collection policies, which contribute to increased liquidity and reduced risk of bad debts [4]. Asset turnover is an efficiency ratio that measures the productivity of a company's total assets in generating sales revenue. This ratio calculates how much revenue can be generated from each unit of currency invested in assets [5]. Asset turnover can assess management's ability to maximize its asset base to drive sales volume. A high ratio indicates optimal asset utilization, while a low ratio may indicate excess capacity or less productive asset management [5]. Market risk is the potential for investment losses arising from factors that affect the overall performance of financial markets, rather than the specific performance of an individual company [6]. Sources of this risk are macro in nature, including interest rate fluctuations, changes in currency exchange rates, inflation rates, political turmoil, and economic recessions, among others. The main characteristic of market risk is that it cannot be eliminated or minimized through portfolio diversification, as its impact tends to affect all assets in the market.

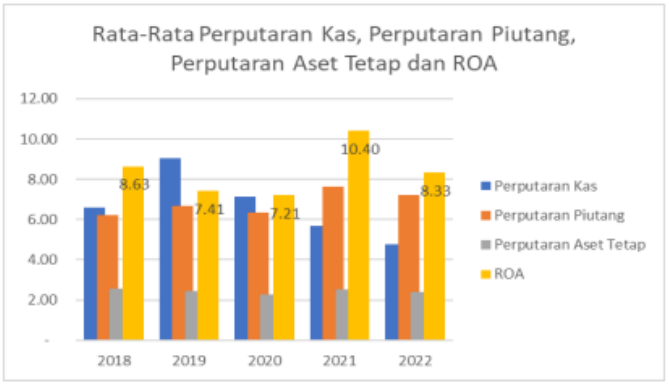

Figure 1.1 Average Cash Turnover, Accounts Receivable Turnover, Fixed Asset Turnover, and ROA

Source: Azizah, H., & Wijaya, I. (2024) [7].

Based on Figure 1, the company's financial performance shows varying dynamics throughout the period from 2018 to 2022. Return on Assets (ROA), as an indicator of profitability, experienced significant fluctuations, with its absolute peak reached in 2021 at 10.40 after experiencing a decline in the previous two years. From an efficiency perspective, cash turnover reached its highest performance point in 2019, but after that showed a consistent downward trend until the end of the 2022 period. In contrast, accounts receivable turnover actually showed an improving trend in collection effectiveness which tended to increase, especially in 2021 and 2022 [7].

In 2022-2024, during the disruption phase due to the COVID-19 pandemic, the Indonesian economy demonstrated strong resilience, with national economic growth projected to be in the range of 4.7% to 5.5% for 2024 [8]. Global financial market uncertainty remains high, fueled by persistent geopolitical tensions and monetary policies from central banks in developed countries, particularly the United States Federal Reserve. Bank Indonesia adopted a pro-stability monetary policy, one of which was maintaining the benchmark interest rate (BI-Rate) at a relatively high level of 6.25%, to control inflation and maintain the stability of the Rupiah exchange rate [9].

Profitability in this study is measured through Return on Assets (ROA), indicating how efficiently management is able to utilize total assets owned to generate net profit. A high level of profitability is not only important to absorb potential losses and strengthen the capital structure, but also to fund business expansion, innovate in services, and maintain investor and customer trust [10]. Amid high interest rates, analysts project that the banking industry in Indonesia will still be able to record impressive profitability in 2024, continuing the positive performance from the previous year.

Research conducted by Anindita et al. (2024) in the hospitality subsector found that cash turnover had no effect on Return on Assets (ROA) with a value of 0.7%, however, accounts receivable turnover was found to have a significant effect with a value of 22.3% [11]. In line with this, a study by Akmalia & Pambudi (2020) in manufacturing companies also concluded that cash turnover had no significant effect on profitability, but other variables such as accounts receivable turnover and asset turnover actually showed a significant positive effect [4]. From a risk perspective, research by Sidik & Manda (2021) in state-owned banks concluded that market risk, proxied by Net Interest Margin (NIM), was shown to have a positive and significant effect on profitability (ROA) [12].

This study identifies a research gap by proposing an analysis of efficiency variables. Instead of using common efficiency proxies such as Operating Expenses to Operating Income (BOPO), which are widely used in

previous studies, this study will examine Cash Turnover, Accounts Receivable Turnover, and Asset Turnover. These three ratios specifically measure the speed and effectiveness of management in converting each asset component into revenue. This study also includes a Market Risk variable to analyze how exposure to market fluctuations affects financial performance. Based on the background described, this study aims to empirically test and analyze the effect of cash turnover, accounts receivable turnover, asset turnover, and market risk on profitability, as proxied by Return on Assets (ROA).

RESEARCH METHODS

This study uses a quantitative approach. According to Andriansyah et al. (2025), a quantitative approach was chosen because the study will process numerical data sourced from banking company financial reports to conduct inferential statistical analysis [13]. The purpose of using this approach is to test the formulated hypothesis regarding the relationship between variables. The nature of this study is causal-associative, which specifically aims to analyze and explain the cause-and-effect relationship between independent variables, namely Cash Turnover, Accounts Receivable Turnover, Asset Turnover, and Market Risk, towards the dependent variable, namely Profitability [14].

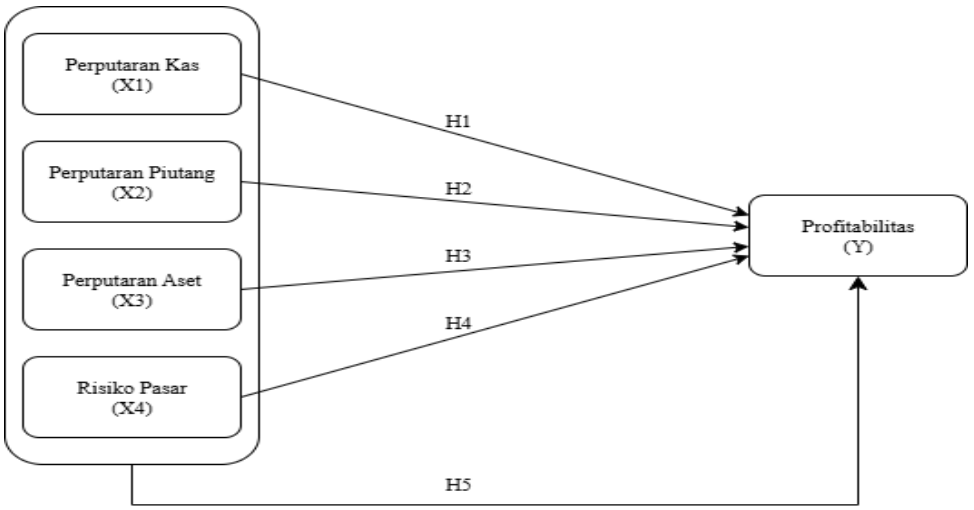

Figure 2.1 Research Framework
Source: Processed data results, 2025

The population in this study was all companies classified as financials listed on the Indonesia Stock Exchange (IDX) for the period 2022-2024. Based on IDX data, the number of companies in this sector is 105. The sampling technique used was purposive sampling. According to Lenaini (2021), the purposive sampling method is a non-probability sampling technique based on certain considerations and criteria relevant to the research objectives. The use of the purposive sampling method aims to obtain a representative sample and in accordance with the focus of the study, so that the research results can be more accurate and valid [15].

The criteria used to select the sample (inclusion criteria) are as Table 2.1.

Table 2.1 Sample Selection Criteria and Process

No	Description	Total
1	Companies consistently listed in the Banking sub-sector on the Indonesia Stock Exchange.	**47**
2	Companies that did not publish audited annual financial statements consecutively for each year between 2019 and 2023.	**(0)**
3	The company's financial statements are presented in Rupiah (IDR) to maintain consistency and avoid bias due to exchange rate fluctuations.	**(0)**
4	Companies that have complete and available data for all variables required in this study, including net income, total assets, net sales, average cash, and average receivables.	**(0)**
	Total Sample	**47**
	Total Data Processed	**47 x 3 = 141**

Source: Processed data results, 2025

To ensure objectivity and measurability, each variable in this study is operationally defined and measured using specific proxies and formulas. The operational definitions of each variable are presented in the following table.

Table 2.2 Operational Definitions

Variables	Conceptual Definition	Operational Definition	Measurement	Scale
Profitability (Y)	A company's ability to generate net profit from its total assets [11].	*Return on Assets (ROA)*	$\frac{Net\ Income}{Total\ Assets}$	Ratio
Cash Turnover (X1)	A ratio that measures the efficiency and speed of a company's use of cash to generate sales revenue within a period [11].	*Cash Turnover (CTO)*	$\frac{Net\ Sales}{Average\ Cash}$	Ratio
Accounts Receivable Turnover (X2)	A ratio that measures management's effectiveness in managing and converting accounts receivable into cash during a period [11].	*Accounts Receivable Turnover (ARTO)*	$\frac{Net\ Income}{Average\ Accounts\ Receivable}$	Ratio
Asset Turnover (X3)	A ratio that measures the company's overall effectiveness and efficiency in utilizing its total assets [4].	*Total Asset Turnover (TATO)*	$\frac{Gross\ Revenue}{Total\ Assets}$	Ratio
Market Risk (X4)	The risk of loss that a bank may experience due to fluctuations in market variables [12].	*Market Risk (MR)*	$\frac{Net\ Sales}{Total\ Assets}$	Ratio

Source: Processed data results, 2025

The data analysis technique in this study uses a quantitative method assisted by IBM SPSS Statistics 23 software, which begins with descriptive statistical analysis to provide an overview of the data for each variable through the mean, median, and standard deviation values. Before hypothesis testing, a series of classical assumption tests including normality, multicollinearity, heteroscedasticity, and autocorrelation tests will be carried out as a prerequisite to ensure the regression model meets the Best Linear Unbiased Estimator (BLUE) criteria. Testing the effect of independent variables on the dependent variable is carried out using multiple linear regression analysis. The final stage includes comprehensive hypothesis testing through the F Test to measure simultaneous significance, the t Test to analyze partial significance, and the Coefficient of Determination (Adjusted R^2) analysis to determine the proportion of the model's ability to explain the dependent variable.

RESULTS AND DISCUSSION

Research Results

Descriptive Statistics

Table 3.1 Statistical Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
Profitability (ROA)	141	-,0762	,0841	,008953	,0200133
Cash Turnover	141	-15,24	1307,47	36,7715	129,81855
Accounts Receivable Turnover	141	-4,934	137,938	2,15521	11,810334
Asset Turnover	141	,0170	,2520	,075149	,0405466
Market Risk	141	-,0201	,2385	,046156	,0365622
Valid N (listwise)	141				

Source: Processed data results, 2025

Based on Table 3.1, the Profitability variable has an average value of 0.008, indicating that the banking companies in the sample are able to generate profits. Followed by a minimum value of -0.076 in Bank KB Bukopin Tbk. (BBKP) with data in the 2024 financial report and a maximum value of 0.084 in Bank BTPN Syariah Tbk. (BTPS) with data in the 2022 financial report. The Cash Turnover variable has an average value of 36.771, followed by a minimum value of -15.24 in Bank Panin Dubai Syariah Tbk. (PNBS) with data in the 2022 financial report and a maximum value of 1307.47 in Bank Aladin Syariah Tbk. (BANK) with data in the 2024 financial report. The Receivables Turnover variable has an average value of 2.155, followed by a minimum value of -4.934 in Bank Panin Dubai Syariah Tbk. (PNBS) with data in the 2022 financial report and a maximum value of 137.938 in the company Bank QNB Indonesia Tbk. (BKSW) with data in the 2024 financial report. The Asset Turnover variable has an average value of 0.075, followed by a minimum value of 0.017 in the company Bank Aladin Syariah Tbk. (BANK) with data in the 2022 financial report and a maximum value of 0.252 in the company Bank Amar Indonesia Tbk. (AMAR) with data in the 2024 financial report. And the Market Risk Variable has an average value of 0.046, followed by a minimum value of -0.020 in the company Bank Panin Dubai Syariah Tbk. (PNBS) with data in the 2022 financial report and a maximum value of 0.238 in the company Bank Amar Indonesia Tbk. (AMAR) with data in the 2024 financial report.

Classical Assumption Test
Normality Test

Table 3.2 Normality Test Results

		Unstandardized Residual
N		141
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,06993225
Most Extreme Differences	Absolute	,183
	Positive	,183
	Negative	-,105
Test Statistic		1,077
Asymp. Sig. (2-tailed)		,139[c]

Source: Processed data results, 2025

Table 3.2 shows an Asymptotic Significance value (2-tailed) of 0.139. Because this significance value is greater than the alpha (α) significance level of $0.139 > 0.05$, the null hypothesis stating that the residual data is normally distributed cannot be rejected, or it can be said that this regression model has met the assumption of normality.

Multicollinearity Test

Table 3.3 Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Cash Turnover	,990	1,010
	Accounts Receivable Turnover	,961	1,041
	Asset Turnover	,862	1,160
	Market Risk	,829	1,207

Sumber: Hasil data diolah, 2025

Based on Table 3.3, all independent variables have a Tolerance value above 0.10 and a VIF value below 10.0. The VIF values for Cash Turnover (1.010), Accounts Receivable Turnover (1.041), Asset Turnover (1.160), and Market Risk (1.207) are well below the critical threshold. These results indicate no multicollinearity problem.

Heteroscedasticity Test

Table 3.4 Results of Heteroscedasticity Test using Glejser Test

Model		Sig.
1	(Constant)	,002
	Cash Turnover	,720
	Accounts Receivable Turnover	,848
	Asset Turnover	,969
	Market Risk	,023

a. Dependent Variable: ABS_RES

Source: Processed data results, 2025

Table 3.4 shows that the significance value for the Market Risk variable is 0.023. Because this value is less than 0.05 ($0.023 < 0.05$), the null hypothesis of homoscedasticity is rejected. This indicates the presence of heteroscedasticity in the regression model related to the Market Risk variable.

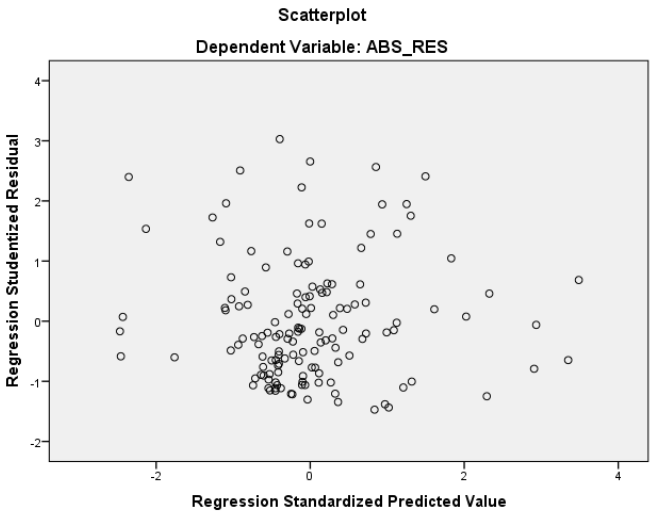

Figure 3.1 Scatterplot Test Results

Source: Processed data results, 2025

Figure 3.1 shows that there is no clear or systematic pattern in the data distribution. The data points appear to be randomly spread above and below zero on the Y and do not form a specific pattern such as narrowing, widening, or wavy as the value moves on the X. This indicates that the regression model in this study does not experience heteroscedasticity problems.

Autocorrelation Test

Table 3.5 Autocorrelation Test Results

Model	Durbin-Watson
1	1,230

Source: Processed data results, 2025

The dW statistical value obtained is 1.230, while the dL value = 1.6522 and $dU = 1.7988$. Because the calculated dW value (1.230) is below the lower limit value (dL), which is $1.230 < 1.65$, it can be concluded that there is a strong indication of positive autocorrelation in the regression model.

Multiple Linear Regression Analysis

Table 3.6 Multiple Linear Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	,002	,002	
	Cash Turnover	-1,815E-5	,000	-,274
	Accounts Receivable Turnover	,000	,000	-,028
	Asset Turnover	,039	,038	,085
	Market Risk	,131	,031	,359

Source: Processed data results, 2025

Based on the unstandardized coefficient value (B), the multiple linear regression equation can be formulated as follows:

$$ROA = 0{,}002 - 0{,}00001815 - 0{,}000 + 0{,}039 + 0{,}131 + e$$

A constant value of 0.002 indicates that if all independent variables are zero, the predicted ROA value is 0.2%. The coefficient (β_1) of -0.00001815 indicates a negative relationship. Every one-unit increase in Cash Turnover is predicted to decrease ROA by 0.00001815 units, assuming other variables are constant. The coefficient (β_2) which is close to zero (0.000) indicates that Receivables Turnover has practically no linear relationship with ROA in the model. The coefficient (β_3) of 0.039 indicates a positive relationship. Every one-unit increase in Asset Turnover is predicted to increase ROA by 0.039 units, assuming other variables are constant. The coefficient (β_4) of 0.131 indicates a positive relationship. Every one-unit increase in Market Risk is predicted to increase ROA by 0.131 units, assuming other variables are constant.

Hypothesis Testing
Simultaneous Significance Test (F-Test)

Table 3.7 F-Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,002	4	,001	9,339	,000[b]
	Residual	,008	136	,000		
	Total	,010	140			

Source: Processed data results, 2025

Table 3.7 shows the calculated F value of 9.339 with a significance level (Sig.) of 0.000. Because this significance value is less than 0.05 ($0.000 < 0.05$), the null hypothesis is rejected. This means that the variables Cash Turnover, Accounts Receivable Turnover, Asset Turnover, and Market Risk together have a significant effect on Profitability (ROA).

Partial Significance Test (t-Test)

Table 3.8 t-Test Results

Model		t	Sig.
1	(Constant)	,868	,387
	Cash Turnover	-3,594	,000
	Accounts Receivable Turnover	-,357	,722
	Asset Turnover	1,038	,301
	Market Risk	4,298	,000

Source: Processed data results, 2025

The significance value (Sig.) is 0.000, which is smaller than 0.05. The calculated t value is -3.594, the first hypothesis is accepted. There is a negative and significant effect of Cash Turnover on Profitability (ROA). The significance value (Sig.) is 0.722, which is greater than 0.05, the second hypothesis is rejected. There is no significant effect of Accounts Receivable Turnover on Profitability (ROA). The significance value (Sig.) is 0.301, which is greater than 0.05, the third hypothesis is rejected. There is no significant effect of Asset Turnover on Profitability (ROA). The significance value (Sig.) is 0.000, which is smaller than 0.05. The calculated t value is 4.298, the fourth hypothesis is accepted. There is a positive and significant effect of Market Risk on Profitability (ROA).

Analysis of the Coefficient of Determination

Table 3.9 R Square Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,464[a]	,215	,192	,0077182

Source: Processed data results, 2025

The Adjusted R Square value obtained was 0.192. This means that only about 19.2% of the total variation in profitability (ROA) can be explained by the four independent variables in the model. The remaining 80.8% is influenced by other factors not included in the research model.

Discussion

The results of the study indicate that cash turnover has a negative and significant effect on profitability (ROA), with a t-value of -3.594 and a significance level of 0.000. This seems counterintuitive in corporate financial management, where high cash turnover is often associated with efficiency. This relationship can be explained through the concepts of opportunity cost and cost of illiquidity. Unlike manufacturing companies, banks' primary "product" is money itself. The bank's intermediary function is to convert short-term liabilities (third-party funds such as savings and deposits) into long-term productive assets. Very high cash turnover can indicate two conditions that are detrimental to profitability:

1. This could mean the bank is operating with very minimal cash reserves. While efficient in its day-to-day cash use, this condition makes the bank vulnerable to liquidity shocks, such as large customer withdrawals or sudden credit requests.
2. Cash that continuously circulates to finance daily operations is cash that is not placed in interest-earning assets, such as loan portfolios or marketable securities. The faster cash turnover, the less funds are "idled" and can be invested over a longer period to achieve optimal Net Interest Margin (NIM).

In line with the research conducted by Simatupang (2021) in the study entitled "The Effect of Accounts Receivable Turnover and Cash Turnover on Profitability for the 2014-2018 Period", with the results showing that partially accounts receivable turnover has a positive effect on profitability (ROA) [16]. In line with the research conducted by Setiawan et al. (2023) in the study entitled "The Effect of Cash Turnover, Accounts Receivable Turnover and Inventory Turnover on Profitability" shows the results that Cash Turnover has a negative and significant effect on Profitability [17]. Research conducted by Akmalia & Pambudi (2020) found the opposite result, namely that Cash Turnover has no effect of 0.7% on Return on Assets [4]. Anindita et al. (2024), also found the opposite result, namely that asset turnover has a significant positive effect on profitability [11].

The study found that accounts receivable turnover did not have a statistically significant effect on ROA (Sig. = 0.722). This result can be explained by the fundamental inconsistency of the accounts receivable turnover ratio (ARTO) when applied to the banking business model. The ARTO ratio, calculated as $\frac{Net\ Sales}{Average\ Accounts\ Receivable}$, is designed for non-financial companies that sell goods or services on credit. Receivables are primarily a diverse portfolio of loans, ranging from short-term consumer loans and working capital loans to mortgages (KPR) with tenors of decades. Combining all these types of loans into a single "average accounts receivable" figure measures their "turnover." Credit quality is measured by the Non-Performing Loan (NPL) ratio, which reflects the proportion of bad loans. High NPLs will force banks to establish large Allowances for Impairment Losses (CKPN), thereby directly suppressing profits. Profit margin is measured through Net Interest Margin (NIM), which shows the difference between interest income from credit and interest costs paid to depositors.

This is in line with the research conducted by Sitorus (2023) with the research title "The Effect of Cash Turnover and Receivables Turnover on Company Value in the Mediation of Profitability in Chemical Sub-Sector Companies Listed on the IDX in 2018-2022", the results revealed that receivables turnover has no effect on profitability [18]. Research by Islamiah & Yudiantoro (2022) [19], and Fitriana & Wijayanti (2020) [20], is also in line with the results of the study which revealed that

receivables turnover has no significant effect on profitability. Akmalia and Pambudi (2020) found the opposite result, that receivables turnover has a significant positive effect on profitability [4]. This is also supported by Anindita et al. (2024) who revealed that Accounts Receivable Turnover has an effect on Return on Assets with a significance value of $0.001 < 0.05$ and $t\ count\ 3.571 > t\ table\ 1.996$ [11].

The research also found that asset turnover had no significant effect on ROA ($Sig. = 0.301$). Total Asset Turnover (TATO) measures a company's efficiency in using its total assets to generate revenue. Banks are entities where profitability is not determined by how quickly the assets "turn" to generate revenue, but rather by the yield or margin generated from each unit of those assets. A bank can have a relatively low TATO but be very profitable if its asset portfolio (consisting of loans and securities) is of high quality (low NPL) and is able to generate a thick net interest margin (NIM). A bank with a high TATO can have low profitability if intense competition forces it to provide credit with thin margins or if its asset portfolio is high risk, resulting in large credit losses. For banks, the quality and composition of asset allocation are far more important than the speed of overall asset turnover.

This is in line with research conducted by Pamungkas and Suprihatmi (2024) which revealed that asset turnover has no significant effect on financial performance because it has a significance value of 0.069 > 0.05 [21]. Research by Akmalia and Pambudi (2020) revealed the opposite result, that asset turnover has a significant positive effect on profitability [4]. Adria and Susanto (2020) also support the result that asset turnover has a significant positive effect on profitability [22]. This strengthens the argument that to understand bank profitability, analysis must focus on metrics that reflect the risks and returns of intermediation activities, rather than on generic efficiency ratios.

The test results show that the variable labeled as "Market Risk" has a positive and significant effect on ROA ($t = 4.298$; $Sig. = 0.000$). To measure the bank's exposure to the risk of interest rate changes. A higher Net Interest Margin (NIM) often reflects the bank's ability to gain greater profits from interest rate fluctuations, thus positively related to ROA. Market Beta to measure systematic risk or the correlation of bank stock returns with overall market movements. In line with research conducted by Sidik and Manda (2021) which revealed that partially market risk (NIM) has a significant positive effect on profitability (ROA) [12]. Supported by research conducted by Jahrotunnupus and Manda (2021) which revealed that partially the market risk variable (NIM) has a significant and positive effect on profitability [23]. The R Square result obtained was 0.192. This means that only about 19.2% of the total variation in Profitability (ROA) can be explained by the four independent variables in the model. This means that the variables Cash Turnover, Accounts Receivable Turnover, Asset Turnover, and Market Risk influence Profitability by 19.2%. The remaining 80.8% is influenced by other factors not included in the research model.

CONCLUSIONS AND SUGGESTIONS

Based on the data analysis conducted, this study concludes that not all efficiency variables have a uniform effect on profitability (ROA) in the banking subsector for the 2022-2024 period. Cash Turnover was found to have a negative and significant effect on profitability, while Market Risk was shown to have a positive and significant effect on profitability. Receivables Turnover and Asset Turnover were found to have no statistically significant effect. This strengthens the argument that these two generic efficiency metrics are less relevant for measuring the performance of banking business models, where profitability is more essentially determined by asset quality (NPL) and net interest margin (NIM) than turnover rate. The

four independent variables were shown to have a significant effect on profitability, with the coefficient of determination (Adjusted R Square) indicating that the research model was only able to explain 19.2% of the profitability variable, indicating the dominant influence of other factors not analyzed in the study.

Further research is recommended to develop the research model by integrating variables more relevant to the unique characteristics of the banking industry, considering the Adjusted R Square value of only 19.2%. There is strong empirical and theoretical justification for including other proxies that are fundamentally more determinant of banking profitability, primarily the Non-Performing Loan (NPL) ratio as an indicator of credit asset quality and the Net Interest Margin (NIM) which reflects the effectiveness of the intermediation function's profit margin. The addition of these variables has the potential to improve the model's explanatory capabilities and provide a deeper understanding of the antecedents of profitability in the banking sector.

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