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# *Fee Based Income* dalam Memoderasi Pengaruh Restrukturisasi Kredit, Kredit, dan Simpanan Terhadap Kinerja Laba Bank Umum Konvensional

***FEE BASED INCOME IN MODERATING THE EFFECT OF RESTRUCTURING CREDIT, CREDIT, AND DEPOSITS ON PROFIT PERFORMANCE OF CONVENTIONAL COMMERCIAL BANKS***

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## ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh restrukturisasi kredit, kredit, dan simpanan terhadap kinerja laba serta menganalisis FBI (*Fee Based Income*) dalam memoderasi pengaruh antara restrukturisasi kredit terhadap laba, kredit terhadap laba, dan simpanan terhadap laba yang dikontrol menggunakan ukuran perusahaan (*Size*). Populasi dalam penelitian ini adalah bank umum konvensional yang terdaftar di Bursa Efek Indonesia (BEI) periode 2019-2020, jumlah sampel sebanyak 43 bank umum yaitu semua populasi bank umum konvensional yang terdaftar di BEI. Penelitian ini menggunakan data sekunder berupa laporan keuangan publikasi bank umum yang terdaftar di Bursa Efek Indonesia (BEI) periode 2019-2020. Analisis data yang digunakan dalam penelitian ini adalah analisis regresi linear berganda dan analisis regresi moderasi dengan uji interaksi *Moderated Regression Analysis* (MRA). Hasil analisis regresi linear berganda menunjukkan bahwa restrukturisasi kredit berpengaruh negatif terhadap laba, kredit berpengaruh positif terhadap laba, dan simpanan berpengaruh positif terhadap laba. Pada hasil analisis regresi moderasi dengan uji interaksi *Moderated Regression Analysis* (MRA) menunjukkan bahwa FBI memperlemah pengaruh restrukturisasi kredit terhadap laba, FBI memperkuat pengaruh kredit terhadap laba, dan FBI memperkuat pengaruh simpanan terhadap laba.
**Kata kunci**: Restrukturisasi Kredit, Kredit, Simpanan, FBI, Ukuran Perusahaan, Kinerja Laba.

## ABSTRACT

*This study aims to analyze the effect of credit restructuring, credit, and savings on earnings performance and analyze the FBI (Fee Based Income) in moderating the effect of credit restructuring on earnings, credit on earnings, and savings on earnings controlled using firm size (Size). The population in this study is conventional commercial banks listed on the Indonesia Stock Exchange (IDX) for the 2019-2020 period, the number of samples is 43 commercial banks, namely all conventional commercial banks listed on the IDX. This study uses secondary data in the form of financial statements published by commercial banks listed on the Indonesia Stock Exchange (IDX) for the 2019-2020 period. The data analysis used in this research is multiple linear regression analysis and moderation regression analysis with the Moderated Regression Analysis (MRA) interaction test. The results of multiple linear regression analysis show that credit restructuring has a negative effect on profits, credit has a positive effect on profits, and deposits have a positive effect on profits. The results of the moderating regression analysis with the Moderated Regression Analysis (MRA) interaction test show that the FBI weakens the effect of credit restructuring on earnings, the FBI strengthens the effect of credit on earnings, and the FBI strengthens the effect of savings on earnings.*
***Keywords:*** *Credit Restructuring, Credit, Savings, FBI, Company Size, Profit Performance*



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## INTRODUCTION

Bank is an entity that is engaged in profit-oriented, maximum profit is the main goal in carrying out its operational activities, various ways are carried out by banks so that in achieving profit (profit) can be maximized and consistent every year and do not suffer losses (loss). Banks earn profits by carrying out intermediary functions to collect funds from the public and then channel them back to the community to obtain interest margins as the main source of income. However, in reality the goal of banking companies to print maximum profit is facing many obstacles in the field, profits fluctuate and some even experience losses.(Taswan, 2017).

The banking industry faces formidable challenges where in 2019-2020 there was a decline in profit performance. As an intermediary institution, the banking sector carries out its main activity to earn a profit, but the profits obtained are not as expected and there has even been a decrease in profit. This is because the quality of loans is getting worse, implementationPSAK 71resulting in an increase in the formation of CKPN costs (Allowance for Impairment Losses), the recognition of interest income on poor credit quality changes from an accrual basis to a cash basis (PSAK No. 31) causing interest income posts to decline, as well as high credit restructuring due to the effects of the Covid 19 pandemic which caused banks to carry out massive credit restructuring with a policy of delaying deposits for one year which greatly impacted on a drastic decline in interest income posts resulting in a steep decline in banking profit performance. revenue recognition on interest receivables in the context of restructuring the recognition of interest income is recognized on a cash basis during the period the non-performing receivables arise (PSAK 54).

The existence of these conditions creates problems for banks, namely experiencing dwindling profit growth in 2019 and a very high decline in profit performance in 2020 so banks need to develop skills in determining the right strategy to maintain their performance so that profits are not eroded a lot. In carrying out its operational activities, banks need to pay attention to indicators that can strengthen profit, one of which is FBI (Fee Based Income) which is another form of diversification of bank income sources originating from services provided outside of credit which need to be optimized which supports strengthening banking profits because This FBI has minimal risk unlike credit which has a risk of default.

Furthermore, the size of the company (size) will be used as a control variable to avoid elements of bias because commercial banks have various sizes in terms of total assets so that a control variable of company size (size) is needed so that it can be seen that the variables studied apply to all sizes of banking companies ( sizes). The purpose of including the control variable to control the relationship that occurs in the dependent variable is really influenced by the independent variable and not by other factors. The control variable is used to control the causal relationship between the independent and dependent variables, not as the main variable being researched and tested but to determine the effect,(Rahmawati, 2015). The control variable has a constant effect.

Research on credit restructuring has been carried out by several researchers, including: Adhinugroho (2021),Septriawan et al., (2021)states that credit restructuring has a negative effect on bank income or profit.

Research on the effect of disbursed credit on profits has been carried out by Fitri and Rahmahalpiani (2020) states that the amount of credit disbursed has a positive effect on profits,Patonah (2018) shows that loans (LDR) have a positive and significant effect on operating profit, Nurhidayah and Purwitosari (2020) explained that loans (LDR) had a positive effect on bank profit growth.

Research on the effect of third party funds on profits or profitability has been carried out by several researchers, including research Parenrengi and Hendratni (2017), shows that Third Party Fund Deposits have a positive and significant effect, research Sukmawati and Purbawangsa (2016), shows the growth of third party funds has a positive effect on profitability.

Research on the FBI as moderation has been carried out by Andika (2017), shows that the FBI (fee based income) moderates by weakening the effect of financing risk on profitability, which means that financing risk makes profitability decrease, but with the FBI it can increase profitability.

The formulation of the research problem is as follows: (1) Does credit restructuring affect profit? (2) Does credit affect profit? (3) Does saving have an effect on profit? (4) Does the FBI (Fee Based Income) weaken the effect of credit restructuring on profits? (5) Does the FBI (Fee Based Income) strengthen the effect of credit on profits? (6) Does FBI (Fee Based Income) strengthen the effect of savings on earnings?

The purpose of this study is to analyze the formulation of the problem that has been described.

## LITERATURE REVIEW

### SIGNALING THEORY

Signaling theory which explains that the sender (the owner of the information) provides a signal or signal in the form of information that reflects the condition of a company that is beneficial to the recipient (investor). In signaling theory, the motivation of companies to present financial information is expected to provide a signal of prosperity to the owners/shareholders. The publication of the annual financial report which contains information about the earnings performance presented by the company will provide a signal of dividend growth and the development of the company's stock price (Brigham and Houston, 2018).

### PROFIT

profit is the difference between the realization of income derived from transactions in a certain period minus the costs incurred to obtain that incomeHarahap (2015).

### CREDIT RESTRUCTURING

Credit Restructuring is an effort to improve credit activities carried out by banks for debtors who have difficulty fulfilling their obligations, which are carried out among others by reducing credit interest rates, extending credit terms, reducing loan interest arrears, reducing loan principal arrears, adding credit facilities, credit conversion(Bank Indonesia, 2012).

### CREDIT

Credit is an activity of channeling funds from the bank to the customer (debtor), and the customer is required to return the loan funds in accordance with the agreed time period accompanied by compensation in the form of interest.Ismail, 2011).

### SAVINGS

Deposits are funds sourced from the public in the form of demand deposits, savings, and time deposits which are important sources for bank operational activities which are a benchmark for bank success if the bank can bear its operating costs from these sources of funds.(Cashmere, 2012).

### NPL (NON PERFORMING LOAN)

The non-performing loan ratio is used to measure the bank's ability to maintain the risk of credit failure by debtors or non-productive non-performing loans to generate interest income for the bank.(K. Darmawan, 2004).

### FBI (FEE BASED INCOME)

Profits obtained from transactions provided in other bank services, in other words, FBI is non-interest operating income obtained by the bank as a reward or commission or financial services that have been provided to customers.Cashmere, 2012).

## COMPANY SIZE (SIZE)

Size that shows the size of the company which can be seen from the total assets owned(A. Darmawan et al., 2020).

## HYPOTHESIS DEVELOPMENT

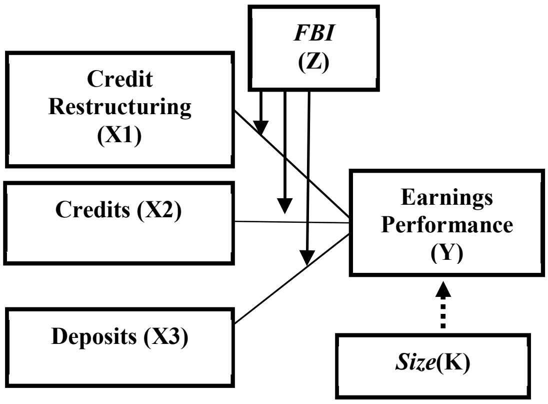


**Figure 1.** Theoretical Thinking Framework

## The Effect of Credit Restructuring on Profit

Credit restructuring is an effort made by banks in rescuing non-performing loans, which is an effort to improve credit activities for debtors who have the potential to have difficulty meeting their obligations, which are carried out by policies including lowering loan interest rates, extending credit terms, reducing interest arrears. , reduction of principal arrears (Ismail, 2011). This policy reduces the bank's source of income from interest which has an impact on decreasing profits. So that the high level of credit restructuring can make the bank's income sourced from interest decrease and have a negative impact on profits.

**H1: Credit restructuring has a negative effect on profits**

## The Effect of Credit on Profit

Credit distribution to the public is an activity that can generate profits in the form of interest income that can increase profits. Credit distribution activities are carried out to people who need funds for both productive and consumptive activities. Credit distribution is a very basic banking activity and credit interest is the main source of banking income from these lending activities (Ismail, 2011). The higher the activity of lending will increase the bank's income that comes from interest which has an impact on increasing profits.

**H2: Credit has a positive effect on profit**

## Effect of Savings on Profit

Deposits are an important source for bank operational activities, if deposits increase the bank has a greater chance of obtaining higher interest income through lending to increase profits. Funds from the public are the largest source of funds for banks to channel credit, which is one of the factors that have an influence on profits (Cashmere, 2014). So the higher the savings collected, the higher the profit.

**H3: Deposits have a positive effect on profit**

### FBI (Fee Based Income) Weakens the Effect of Credit Restructuring on Profit

FBI (Fee Based Income) is income obtained from transactions provided in other bank services, in other words Fee Based Income is non-interest operating income obtained by banks as rewards or commissions or financial services that have been provided to customers who can increase profit (Cashmere, 2012). Credit restructuring activities resulted in reduced interest income which is the main source of income for banks which had a negative impact on profits. The role of the FBI needs to be optimized because it can weaken the effect of credit restructuring on profits, FBI (Fee Based Income) can add a source of income for banks as non-interest income that needs to be optimized as a substitute for declining interest income due to credit restructuring.

**H4: FBI (Fee Based Income) weakens the effect of credit restructuring on profits**

### FBI (Fee Based Income) Strengthens the Effect of Credit on Profit

FBI (Fee Based Income) is income obtained from transactions provided in other bank services, in other words Fee Based Income is non-interest operating income obtained by banks as rewards or commissions or financial services that have been provided to customers who can increase profit (Cashmere, 2012). Credit distribution activities are activities carried out by banks to earn profits in the form of interest which is the main activity. The existence of the FBI is a potential that can increase revenue that can be done through lending activities so that it can strengthen the influence of credit on profits that can be done through lending activities that have an impact on increasing profits including getting provisions from lending, involving loan debtors with insurance, investment or other facilities. other facilities so that the bank gets a commission / fee from the participation of the loan debtor, so that in addition to getting interest from lending activities, banks can also get FBI from lending activities which can increase profits.

**H5: FBI (Fee Based Income) strengthens the effect of credit on profit**

### FBI (Fee Based Income) Strengthens the Effect of Savings on Profit

FBI (Fee Based Income) is income obtained from transactions provided in other bank services, in other words fee based income is non-interest operating income obtained by banks as rewards or commissions or financial services that have been provided to customers who can increase profit(Cashmere, 2012). Banks can increase the FBI from these deposit collection activities through deposit administration services, ATM card administration services bundled with deposits, transfer services, transaction services at ATM machines, e-channel mobile banking and others. So it can be concluded that the FBI strengthens the effect of savings on earnings.

**H6: FBI (Fee Based Income) strengthens the effect of savings on Profit**

### Company Size (Size) as a control variable

Company size (Size) is a measure of the size of the company that can be seen from the total assets / assets owned by the company(Putra and Pangestuti, 2019). The control variable of firm size (Size) is independent and cannot be controlled by other factors so that when the control variable of firm size (size) is made constant, it can be seen the influence of all the variables studied, whether independent, moderating, interaction whether it can have an effect significant or not on the dependent variable without any different treatment given to the size of the company as seen from its total assets.

## RESEARCH METHODS

### TYPES OF RESEARCH

This research is an explanatory research using a quantitative approach. Explanatory research is research conducted to test theories or hypotheses with the aim of strengthening or rejecting existing research theories or hypotheses. Explanatory research is explanatory, which means that it emphasizes the influence between research variables by testing hypotheses.

### TIME AND PLACE

This research was conducted at the IDX by accessing the IDX website with an observation period starting from 2019 to 2020.

### POPULATION AND SAMPLE

The population used in this study are conventional commercial banks listed on the IDX which have complete financial statements and publish them in the 2019-2020 period as many as 43 banks. The sample used in this study is all the population of conventional commercial banks listed on the IDX and publishing their complete financial statements in the 2019-2020 period according to the data required in the study.

### DATA SOURCE

The data used in this study is secondary data in the form of financial reports published by conventional commercial banks listed on the IDX from 2019 to 2020 which can be accessed through the IDX official website.

### DATA COLLECTION TECHNIQUE

The data collection method used in this research is by way of a documentary study of financial statements published by conventional commercial banks in Indonesia which are listed on the IDX from 2019 to 2020 by accessing the IDX official website.

## DATA ANALYSIS TECHNIQUE

The data analysis technique used in this study is multiple linear regression analysis and interaction test moderation regression analysis (MRA) using SPSS 25. In the data analysis, it shows the effect of the independent variable on the dependent variable, as well as the effect of the moderating variable in moderating the effect of the independent variable on the dependent variable. dependent variable so that it is known the direction of influence of each variable, positive or negative effect for the independent variable on the dependent, strengthening or weakening for the moderating variable. There are two regression equation models in this study as follows:

Regression Model 1:

$$Y= \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4K + \varepsilon$$

In the regression model 1 is an equation to determine the effect of the independent variable on the dependent variable.

Regression Model 2:

$$Y=\alpha+\beta 1X1+\beta 2X2+\beta 3X3+\beta 4Z2+\beta 5X1*Z2+\beta 6X2*Z2+\beta 7X3*Z2+\beta 8K+\varepsilon$$

Regression model 2 is an equation that contains interactions (multiplication between independent variables and moderation) to determine the moderating effect of the FBI in moderating the effect of the independent variables on the dependent variable.

Information :

Y = Profit
α = Constant
β1,β2,.. = Regression coefficient
ε = Error / Other factors that affect the profit variable
X1 = Credit Restructuring
X2 = Credit
X3 = Savings
Z = FBI (Fee Based Income)
K = Company Size (Size)

## VARIABLE MEASUREMENT

The dependent variable in this study is profit (Y). The proxy measurement indicator used in the dependent variable uses delta/growth from the previous year.

The independent variables in this study are Credit Restructuring (X1), Credit (X2), and Savings (X3). The proxy measurement indicator used in the independent variable uses delta/growth from the previous year.

The moderating variable in this study is FBI (Z). The proxy measurement indicator used in the independent variable uses delta/growth from the previous year.

Calculation of proxy measurement indicators of dependent, independent, and moderating variables using delta/growth from the previous year with trend formula according to(Munawir, 2010)is as follows :

$$\Delta\ Pertumbuhan = \frac{X_t - X_{t-1}}{X_{t-1}} \times 100$$

Information :
*Xt* = year of analysis
*Xt-1* = Base year (Initial year)

The control variable in this study is Firm Size (K). The proxy measurement indicator used in this variable uses the natural logarithm of the total assets owned which is obtained by the formula(A. Darmawan et al., 2020):

$$Size = Ln\ (Total\ Aktiva)$$

## RESULTS AND DISCUSSION

### DESCRIPTIVE STATISTICAL ANALYSIS

Descriptive statistical analysis is used to provide a statistical description of the variables of a sample tested in this study. The following are the results of descriptive statistical testing of each variable which can be seen in the following table:

**Table 1.**Descriptive Statistics Test Results

| Variable | N | Min | Max | mean | Std. Dev |
|---|---|---|---|---|---|
| Restruct | 86 | .71 | 38.88 | 7.0059 | 6.82050 |
| Credit | 86 | .83 | 3.87 | 1.8881 | .59943 |
| Savings | 86 | .02 | 8.13 | 2.0371 | 1.19070 |
| Profit | 86 | .32 | 8.51 | 2.7670 | 1.24297 |
| FBI | 86 | -25.48 | 30.38 | 3.0743 | 9.05166 |
| SIZE | 86 | 19.68 | 29.04 | 24.2947 | 1.91762 |
| N | 86 | | | | |

*Source* : Processed secondary data, 2022

## CLASSIC ASSUMPTION TEST

### NORMALITY TEST

**Table 2.** Normality Test Results*Kolmogorov-Smirnov*

| No | *Unstandardized Residual* | *Monte Carlo Sig. (2-tailed)* | Information |
|---|---|---|---|
| 1 | Equation 1 (Main Regression) | 0.108 | Normal |
| 2 | Equation 2 (FBI Interaction) | 0.234 | Normal |

*Source:* Processed secondary data, 2022

Based on the results of the Kolmogorov-Smirnov normality test table 2 above, the significance value of Monte Carlo Sig. (2-tailed) of the two equations shows a value above 0.05, it indicates that the residual data is normally distributed

## MULTICOLLINEARITY TEST

**Table 3.**Multicollinearity Test Results

| Variable | Equation 1 | | Equation 2 | | Information Multicollege |
|---|---|---|---|---|---|
| | *Tolerance* | *VIF* | *Tolerance* | *VIF* | |
| Restruct | 0.946 | 1.057 | 0.797 | 1.254 | Not |
| Credit | 0.844 | 1.185 | 0.739 | 1.353 | Not |
| Savings | 0.933 | 1.072 | 0.751 | 1.332 | Not |
| FBI | - | - | 0.111 | 9.004 | Not |
| Restruct*FBI | - | - | 0.278 | 3.594 | Not |
| Credit*FBI | - | - | 0.150 | 6.682 | Not |
| Savings*FBI | - | - | 0.201 | 4.979 | Not |
| SIZE | 0.890 | 1,124 | 0.814 | 1,229 | Not |

*Source*: Processed secondary data, 2022

The results of the multicollinearity test in table 3 above for the two regression equation models in this study indicate that all variables (independent, moderation, interaction, and control) have tolerance values above 0.10 and VIF values below 10, so it can be concluded that both the regression equation model is free from multicollinearity.

## HETEROSCEDASTICITY TEST

**Table 4.** Heteroscedasticity Test Results (Park Test)

| Variable | Equation Model | | Description of Heteroscedasticity |
|---|---|---|---|
| | 1 | 2 | |
| Restruct | 0.121 | 0.162 | Not |
| Credit | 0.846 | 0.929 | Not |
| Savings | 0.374 | 0.288 | Not |
| FBI | - | 0.899 | Not |
| Restruct*FBI | - | 0.495 | Not |
| Credit*FBI | - | 0.823 | Not |
| Savings*FBI | - | 0.999 | Not |
| SIZE | 0.458 | 0.152 | Not |

*Source:* Processed secondary data, 2022

The results of the heteroscedasticity test using the park test table 4 above for the two regression equation models show that none of the variables (independent, moderating, interaction, and control) has a significance value <0.05, all variables (independent, moderating, interaction, and control) has a significance value > 0.05. So it can be concluded that the two regression equation models are declared free from heteroscedasticity symptoms or homoscedasticity occurs.

## AUTOCORRELATION TEST

**Table 5.**Autocorrelation Test Results (Runs Test)

| No | *Unstandardized Residual* | *asymp. Sig. (2-tailed)* | Description Autocorrelation |
|---|---|---|---|
| 1 | Equation 1 (Main Regression) | 0.664 | Not |
| 2 | Equation 2 (FBI Interaction) | 0.193 | Not |

*Source:* Processed secondary data, 2022

The results of the autocorrelation test using the runs test table 5 above can be seen that the residual significance value (Asymp. Sig. 2-tailed) of the two regression equation models shows a value of > 0.05, so it can be concluded that there is no autocorrelation of the two equation models in this study.

## MODEL FEASIBILITY TEST

## COEFFICIENT OF DETERMINATION (R2)

**Table 6.**Coefficient of Determination Test Results (R2)

| Regression Model | Coefficient of Determination Value | |
|---|---|---|
| | R | *Adjusted R Square* |
| Model 1 (Main Regression) | 0.663 | 0.411 |
| Model 2 (FBI Interaction) | 0.783 | 0.573 |

*Source:* Processed secondary data, 2022

Equation 1 has an adjusted R Square value of 0.411 which means that the ability of the independent variables (credit restructuring, credit, and savings) can explain the variation of the dependent variable (profit) by 41.1%, while the remaining 58.9% (100% - 41.1% ) is explained by other independent variables that have not been studied in this study. The R value of 0.663 or 66.3% shows the criteria for the strength of a strong correlation between the independent variable and the dependent variable.

Equation 2 has an adjusted R Square value of 0.573 which means that the ability of the independent variables (credit restructuring, credit, and savings) which is moderated by the FBI can explain the variation in the dependent variable (earnings performance) of 57.3%, while the remaining 42.7% (100% - 57.3%) is explained by other factors that have not been studied. The R value of 78.3% shows the criteria for the strength of a strong correlation between the independent variable and the dependent variable with the moderating effect of the FBI.

## F TEST (SIMULTANEOUS)

**Table 7.**F. Test Results

| Regression Model | F count | Significant |
|---|---|---|
| Model 1 (Main Regression) | 15,846 | 0.000 |
| Model 2 (FBI Interaction) | 15,240 | 0.000 |

*Source:* Processed secondary data, 2022

The F test results of the two regression models in table 7 above show that the significance value for the two regression models shows a value of 0.000 <0.05, so it can be concluded that the two models have a significant effect on the dependent variable, which means that both models meet the goodness of fit.

## HYPOTHESIS TESTING

## T TEST (PARTIAL)

**Table 8.** T Test Results

| Variable | Equation 1 | | | Equation 2 | | |
|---|---|---|---|---|---|---|
| | | t | Sig | | t | Sig |
| (Constant) | 1,626 | 1.046 | 0.299 | 3.186 | 2.288 | 0.025 |
| Restruct | -0.069 | -4.433 | 0.000 | -0.047 | -3.326 | 0.002 |
| Credit | 0.558 | 2,972 | 0.004 | 0.396 | 2,313 | 0.023 |
| Savings | 0.444 | 4.937 | 0.000 | 0.314 | 3.679 | 0.000 |
| FBI | - | - | - | 0.006 | 0.196 | 0.845 |
| Restruct*FBI | - | - | - | -0.007 | -4.430 | 0.000 |
| Credit*FBI | - | - | - | 0.025 | 2,033 | 0.046 |
| Savings*FBI | | - | - | 0.019 | 2.464 | 0.016 |
| SIZE | -0.014 | -0.0240 | 0.811 | -0.067 | -1.322 | 0.190 |

*Source:* Processed secondary data, 2022

**H1: Credit restructuring has a negative effect on profits**

The results of hypothesis testing show the statistical value of t count = -4.433 with a significance of 0.000. This shows that the credit restructuring variable has a negative and significant effect on earnings, which is indicated by the direction of the negative coefficient and the significance value is less than 0.05, so H1 is accepted.

High credit restructuring will cause profits to decline, this is due to the implementation of credit restructuring policies in the form of lowering interest rates, extending credit terms, eliminating interest and principal arrears as well as credit restructuring policies issued by OJK in POJK No. 11/POJK.03/2020 which explains relaxation of credit restructuring by delaying credit payments for up to one (1) year.

The implementation of credit restructuring is carried out for debtors who are having difficulty making payments due to economic instability that affects their business, especially with the pandemic that has hit all business sectors, causing business actors to stop running their business which has an impact on debtors' obligations to fulfill their obligations to banks. Banks carry out a credit restructuring policy to assist debtors in fulfilling their obligations, but this policy greatly affects the profit of banks because the bank's interest income is reduced especially with the implementation of the restructuring policy issued by the OJK in the form of a one year deposit delay, this policy was implemented by banks on a large scale because all the majority of debtors are affected by the effects of the pandemic,

### H2: Credit has a positive effect on profit

The results of hypothesis testing show the statistical value of t count = 2,972 with a significance of 0.004. This shows that the credit variable has a positive and significant effect on earnings as indicated by the positive direction of the coefficient and the significance value is less than 0.05, so H2 is accepted.

High lending will increase profit because lending is the main activity of banks to earn profit from interest income generated from lending. Credit is a productive asset of banks that generate profits.

### H3: Deposits have a positive effect on profit

The results of hypothesis testing show the statistical value of t count = 4.937 with a significance of 0.000. This shows that the savings variable has a positive and significant effect on earnings as indicated by the direction of the positive coefficient and the significance value is less than 0.05, so H3 is accepted.

Deposits consisting of demand deposits, savings, and time deposits are a source of funds for banks to carry out lending activities in carrying out their functions as financial intermediary institutions, namely collecting funds from the public and channeling them back in the form of credit to the public. So that if bank deposits increase, the bank has the opportunity to be even greater in channeling credit where from lending activities sourced from bank deposits, they get higher interest income which has an impact on increasing profit.

**H4: FBI (Fee Based Income) weakens the effect of credit restructuring on profits**

The results of hypothesis testing show the statistical value of t count = -4.430 with a significance of 0.000. This shows that the FBI variable weakens the effect of credit restructuring on earnings as indicated by the direction of the negative coefficient and the significance value of the interaction variable (Restruct*FBI) is less than 0.05, so H4 is accepted.

The role of the FBI needs to be optimized because it can weaken the effect of credit restructuring on profits. With the FBI (Fee Based Income) can increase the source of income for banks as non-interest income that needs to be optimized as a substitute for declining interest income due to credit restructuring, the increase in the FBI needs to be optimized because it is a minimal source of bank income with risks where when service given the bank gets a direct fee for services that have been provided which can increase the source of income for the bank and have a positive effect on profits.

**H5: FBI (Fee Based Income) strengthens the effect of credit on profit**

The results of hypothesis testing show the statistical value of t count = 2.033 with a significance of 0.046. This shows that the FBI variable strengthens the effect of credit on earnings as indicated by the positive direction of the coefficient and the significance value of the interaction variable (Credit*FBI) is less than 0.05, so H5 is accepted.

The existence of the FBI is a potential that can increase income which can be done through lending activities so that it can strengthen the influence of credit on profits which can be done by developing potential through lending activities that have an impact on increasing profits including getting provisions from lending, involving loan debtors with facilities insurance, investment or other facilities so that the bank gets a commission / fee from the participation of the loan debtor, so that in addition to getting interest from lending activities, banks can also get FBI from lending activities which can increase profits

**H6: FBI (Fee Based Income) strengthens the effect of savings on Profit**

The results of hypothesis testing show the statistical value of t count = 2.464 with a significance of 0.016. This shows that the FBI variable strengthens the effect of savings on earnings as indicated by the direction of the positive coefficient and the significance value of the interaction variable (Deposits*FBI) is less than 0.05, so H6 is accepted.

Banks can increase Fee Based Income or non-interest income from these deposit collection activities through deposit administration services, ATM card administration services bundled with savings, transfer services, transaction services at ATM machines, e-channel mobile banking and others. So that in addition to earning interest income from the spread between deposit and loan interest from deposit collection activities, banks can optimize the increase in FBI from these activities to develop the potential to increase profit.

## CONCLUSION

Based on the results of the data analysis and discussion that has been carried out, it can be concluded that partially the main banking activities which include credit restructuring have a negative effect on profits, credit has a positive effect on profits, savings have a positive effect on profits. For the moderation FBI (Fee Based Income) weakens the effect of credit restructuring on earnings, the FBI strengthens the effect of credit on earnings, and FBI (Fee Based Income) strengthens the effect of savings on earnings.

## SUGGESTION

The limitation in this study is the adjusted R2 value regarding the size of the independent and moderating variables for the two equations in this study is still not perfect, namely below 100% where researchers in conducting research only make the main banking activities as independent and moderating variables, it is necessary to add independent and moderating variables so that get better results as indicated by the adjusted R2 value close to 100%.

## IMPLICATION

The results of this study can have implications for banking strategies to increase profits through fee-based income as a source of income other than interest income with minimal risk that needs to be optimized.

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