Exploring the Nexus Between E-Banking, Credit Provision, and Shareholder Dividends in Regional Development Banks

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ABSTRACT

This exploration aims to test and dissect factors that impact bank fiscal performance and their impact on shareholder tips. The variables used are E-Banking, credit handout as an independent variable, and ROE as a dependent variable. This exploration also looks at the influence of ROE on shareholder tips proxied by the DPR. This exploration was conducted in all BPDs in Sumatra, there are 8 BPDs registered with the OJK during the 2019 – 2022 period. The exploration system used was descriptive exploration with a quantitative exploration approach. Data recycling analysis uses multiple and simple regression analyses. The exploration results show that E-Banking and the credit handout have a significant influence on ROE, both concurrently and collectively. Meanwhile, fiscal performance (ROE) also influences shareholder tips (DPR).

Introduction

The rapid-fire development of technology demands invention in banking products and services that are integrated with digital systems. The capability to acclimatize in terms of technology isn’t only driven by changing client geste but also by competition in fiscal services, which is now characterized by new players in fiscal services that calculate on technology, videlicet companies that apply fiscal technology, or Fintech. This fintech has been issued by the fiscal services authority in regulation with POJK Number 13/POJK.02/2018, videlicet regarding digital fiscal invention in the fiscal services sector, according to OJK. Fintech is an invention in the fiscal services assiduity that utilizes technology. Fintech products can be in the form of Internet banking, online banking inventions in the form of ATMs, SMS banking, phone banking, and mobile banking.

Banks are fiscal institutions whose function is to collect finances and distribute them back to the community. Collection of finances from the community can be in the form of savings and distribution in the form of credit handout (Rivai et al., 2013). Because utmost of the bank’s wealth comes from public finances, according to the vittles of the fiscal services authority, bank capital, which is measured by the capital acceptability rate (Auto), is a minimum of only 8. thus, banks are needed to be suitable to manage relatively large public finances and must carry out functional conditioning with prudence and high prudence so that they can produce relatively high functional gains and can also bring in high net gains.

The main exertion of banks is distributing credit to guests. Credit distribution is vitally important because it’s related to bank performance. Banks must be suitable to distribute credit meetly; thus, proper credit analysis is also demanded, lest the credit handed creates a burden for the bank with a high NPL rate, which can increase loss reserves. Banks must be careful when furnishing credit and dissect the factors that impact credit provision meetly. One of the factors that influences the quantum of credit given is the size of the capital the bank has. However, also operation has the occasion to conduct it to guests, If the bank has a high position of CAR. The results of Sari’s exploration (2013) show that the capital acceptability rate has a significant but negative effect on credit distribution, while Moussa and Chedi (2016) and Ramadhani (2013) set up that CAR had no significant effect on credit distribution.

Bank operation in outlaying credit goes through a careful credit analysis process by credit principles. However, credit distribution can beget problems, videlicet uncollectible credit handed or an increase in non-performing loans (NPL). If the analysis isn’t careful, utmost of the bank’s income comes from interest, and the quantum of interest depends on the size of the credit handed. The lesser the
Regional Development Bank is a bank possessed by the indigenous government, similar as the parochial, quarter, and external governments in the fiefdom, where the indigenous government plays a part in investing capital conforming of shares that they invest in the BPD. The exertion of the Regional Development Bank is to collect public finances in the form of savings and conduct them back to the community in the form of credit and other forms. piecemeal from that, BPD has a function and part as a government mate in the environment of indigenous profitable development. This is because BPD can open branches to serve the community throughout the region, Regional Development Banks are appertained to as government mates in advancing indigenous development and indigenous profitable development.

Literature Review

Agency Theory

Agency theory is enforced in ultramodern associations. This proposition emphasizes the significance of company possessors (shareholders) handing over the operation of the company to professional staff called agents who have a better understanding of running diurnal business (Mathius, 2016). Agency proposition is the base for exposures made by operation (agents) to business possessors (Jensen and Meckling 1976). Agency proposition is a condition that occurs in a company where the operation as the factor is appertained to further as the agent and the capital proprietor as the star who builds a cooperation contract (Fahmi, 2015).

Signaling theory

Signaling proposition is a proposition that explains how a company should give signals to druggies of fiscal reports. This signal is in the form of information about what operation has done to state that the company is better than other companies. Companies that have confidence in their prospects for the future will tend to communicate this news to investors. So companies that have good quality will give signals by submitting company fiscal reports instantly. Meanwhile, companies with poor quality will be late in submitting fiscal reports (Hanafi and Halim, 2016).

Financial performance

Banking performance is the result achieved by management in a period that can be measured by profitability, one of the measuring tools is return on equity (ROE), where ROE is a ratio that compares net profit with total equity. The greater the ROE of a bank, the greater the bank's profit level, the higher the ROE, the better the banking financial performance because the return on invested capital will also be higher (Pramudyani & Hartono, 2018).

Providing Credit

Normally, most of a bank's assets are in the form of credit, which is the source of the bank's income, therefore are often referred to as productive assets. In distributing and granting credit, management must use the principle of prudence so that the credit provided is included in the current category. Credit is the provision of money or bills based on the agreement of the credit recipient for a certain period, along with a guarantee by paying a certain amount of interest or sharing the profits. The main objective of providing credit is to obtain profits in the form of interest for customers, which are grouped into operational income, to help customers who need funds, either in the form of investment or funds for working capital or consumption, in the hope that customers can expand their business.

Dividend

Tips are part of a company's gains that are distributed to shareholders, which can be in the form of cash or other forms of means. They're carried out by the company grounded on gains attained either in the current time or in the former time. According to Gumanti (2013), tips are the distribution of part of the gains given to shareholders, which can be in the form of cash tips or stock tips. The size of a company's tip payout rate can be reflected in a company’s fiscal performance, investors can find out the position of performance of a company in generating gains and the quantum of tip income generated per share (tips per share).

H1: The use of Electronic Banking and Providing Credit, jointly or partially, has a significant effect on the financial performance of BPD Banks throughout Sumatra.
H2: Financial performance influences dividends received by shareholders.
Methodology

The exploration system used in this exploration is the check system. The data used is primary data and secondary data, videlicet both those taken directly from the exploration object company and data from the OJK, Bank Indonesia, and other applicable institutions. The population of companies that are the object of exploration is composed of 8 indigenous development banks active in Sumatra from 2019 to 2022. The slice system is to use a impregnated sample, so all the being population will be taken as a sample.

E-banking (X1), Loans (X2), and Dividends (Z) are the independent variables used in this research. ROE (Y) is the dependent variable used in this research. Data analysis in this research will use multiple and simple linear regression analysis with the following regression equation:

\[ \text{ROE} = \alpha + B_1 \text{EB} + B_2 \text{KB} + e \]  \hspace{0.5cm} \text{equation (1)}

\[ \text{DEV} = \alpha + B_3 \text{ROE} + e \]  \hspace{0.5cm} \text{equation (2)}

where:
- **ROE** = Return on Equity
- **EB** = Use of Electronic Banking
- **KB** = Credit Given
- **DEV** = Dividends Owned by Shareholders
- **E** = Error

Results and Discussions

Descriptive Statistics

<table>
<thead>
<tr>
<th>Table 1: Descriptive Statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penerapan E Banking</td>
<td>32</td>
<td>3.00</td>
<td>4.00</td>
<td>3.9688</td>
<td>.17678</td>
</tr>
<tr>
<td>Log Kredit Yang Diberikan</td>
<td>32</td>
<td>1.03</td>
<td>12.79</td>
<td>7.2712</td>
<td>2.81125</td>
</tr>
<tr>
<td>ROE</td>
<td>32</td>
<td>8.25</td>
<td>23.44</td>
<td>14.9991</td>
<td>3.26829</td>
</tr>
<tr>
<td>DPR</td>
<td>32</td>
<td>9.66</td>
<td>85.00</td>
<td>52.0034</td>
<td>21.67688</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>32</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Output SPSS 25, 2023

Grounded on the table over, can see an overview of the data distribution in this study. The E-banking variable (X1) has a minimal value of 3.00 and a maximum value of 4.00, with the average value of the E-banking variable being 3.96. The credit variable has a minimal value of 1.03 and a maximum value of 12.79, while the average value of the credit variable is 7.27.

In variable Y, videlicet ROE, the maximum value is 23.44, while the minimal value is 8.25, with an average value of 14.99. The maximum value for the DPR (Z) variable is 85.00 and the minimal value is 9.66 with the average attained being 52.00.

<table>
<thead>
<tr>
<th>Table 2: Multicollinearity Test Results</th>
<th>Model</th>
<th>Collinearity Statistic</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>E-Banking (X1)</td>
<td>0.999</td>
<td>1.001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kredit (X2)</td>
<td>0.999</td>
<td>1.001</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Output SPSS 25, 2023

Grounded on the table over, it can be seen that the forbearance value for the E-Banking variable (X1) is 0.999; The forbearance value for the Credit variable (X2) is 0.999. The forbearance value for all variables tested for multicollinearity has a value of further than 0.1. Meanwhile, the VIF value for each variable is known for the E-Banking variable (X1) as 1001; the VIF value for the Credit variable (X2) is 1.001. The VIF values for all variables show values lower than 10. So, grounded on the results of the multicollinearity test and the forbearance and VIF values attained, it can be concluded that there's no multicollinearity between the independent variables.

Grounded on the results of the Kolmogorov- Smirnov normalcy test, it can be seen that the significance value of the data tested is 0.20>0.05, which means the data used in this exploration is typically distributed. The criteria for the Durbin- Watson autocorrelation test are that if the DU< DW< 4- DU value is low, also it can be said that the data doesn't have autocorrelation. Grounded on this exploration data, the DU value grounded on the Durbin- Watson table with a value of α = 5% is 1.5019. The 4- DU value is 2.4981 and the DW value grounded on SPSS affair is 1.909. So it can be concluded that 1.5019<1.909<2.4981, which means that the data doesn't have autocorrelation.
Table 3: Multiple Linear Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>49.206</td>
<td>12.038</td>
</tr>
<tr>
<td>E-Banking (X1)</td>
<td>8.752</td>
<td>3.022</td>
</tr>
<tr>
<td>Credit (X2)</td>
<td>0.073</td>
<td>0.190</td>
</tr>
</tbody>
</table>

Source: Output SPSS 25, 2023

Grounded on the table over, the retrogression measure values in the equation are attained as follows:

\[ Y = 49.2068 + 8.752(X1) + 0.073(X2) \]

Conclusion of the t-test results
1. The E-Banking variable (X1) is known to have a sig of 0.007<0.05, which means that E-Banking has a significant influence on the company's fiscal performance.
2. The Credit Variable (X2) is known to be sig 0.045<0.05. So it can be concluded that the credit variable influences the company's fiscal performance.

Grounded on the results of the F test, the sig value attained was 0.024<0.05. Grounded on the results attained, it can be concluded that E-banking (X1) and credit handed (X2) have a contemporaneous influence on ROE or the company's fiscal performance.

Grounded on the measure of determination test results, it's known that the measure of determination value is 0.226%.

This can be interpreted as meaning that together E-Banking (X1) and Credit (X2) can explain variations in the rise and fall of ROE (Y) by 22.6% while the remaining 77.4% (100% – 22.6%) is explained by other variables not used in this exploration.

Table 4: Simple Linear Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>37.076</td>
<td>18.365</td>
</tr>
<tr>
<td>ROE (X)</td>
<td>0.995</td>
<td>1.197</td>
</tr>
</tbody>
</table>

Source: Output SPSS 25, 2023

Grounded on the table over, the retrogression measure values in the equation are attained as follows:

\[ Z = 37.076 + 0.995 Y \]

The following conclusions can be drawn from the multiple direct retrogression equation above
1. The measure value is positive (37.076). This means that if the ROE variable has a value of 0 or doesn't change, the value of the DPR variable will increase by 37.076.
2. The retrogression measure value for the ROE variable (Y) is 0.995 (positive). The positive direction indicates that changes in DPR (Z) will be in the same direction as changes in the ROE variable (Y), where if ROE increases also DPR will witness an increase of 0.995.

The measure of determination is 0.230. This means that the variable DPR (Z) can explain the rise and fall of ROE (Y) by 23%, while the remaining 77% is explained by other variables not used in this exploration.

Discussions

The influence of the use of e-banking and the credit provided on the financial performance of BPDS throughout Sumatra

Grounded on the results of thesis testing, the F test attained a sig value of 0.024<0.05. Grounded on the results attained, it can be concluded that E-banking (X1) and Credit handed (X2) have a contemporaneous influence on ROE (Y) or the company's fiscal performance. The results of this exploration are in line with exploration conducted by Dendawijaya (2008) exploration concluding that the provision of Internet banking services will increase bank profitability (ROA and ROE), while exploration (Yuliati, 2008) states that “In terms of profitability, banks with Internet banking have ROA and ROE, which is better than banks without Internet banking, while credit distribution also affects ROA and ROE. This is because the main exertion of the bank is furnishing credit to guests because from this credit gains are attained from the interest on the credit. The advanced the credit given by the bank, the advanced the profitability attained by the bank.”

The Effect of E-Banking and Partially Provided Credit on Financial Performance

Grounded on Table 4.5, the results of the t-test (partial) can also be seen, where the E-Banking variable (X1) is known to be sig0.007<0.05, which means E-Banking has a significant influence on the company's fiscal performance. Meanwhile, the Credit Variable (X2) is known to be sig 0.045<0.05. This means that the credit variable given influences the company's fiscal performance.

The results of this exploration are in line with exploration by Yuliati (2008), which states that “in terms of profitability, banks with Internet banking have better ROA and ROE than banks without Internet banking. According to Affian Arofani and Dikdik Tandika, the improved profitability attained by banks with Internet banking is caused by the bank's ability to provide better service to its customers.”
Mobily banking affects ROA. analogous to exploration conducted by Amali, Selvi (2021) stated that banking affects ROE. This shows that by using banking, banks will get further guests and increase sale conditioning to gain finances from the public, especially the credit handed. According to Lestari (2019), credit distribution has a positive effect on profitability. This exploration is also in line with Sukirno's (2020) exploration showing that credit distribution affects profitability.

Effect of financial performance (ROE) on dividends (DPR)

Grounded on Table 4.9, the results of the t-test are also displayed. It can be seen that the sig value attained is 0.012<0.05, which means that incompletely the ROE variable or fiscal performance influences DPR or tips. This exploration is in line with exploration by Rosmita Rasyid (2018). Which states that ROA has a negative influence on tips. The increase in tips given is due to the increase in gains attained by the Bank, which is probably due to an increase in the credit handed so that income from interest, which is the bank's main source of income can be increased.

Conclusion

Grounded on the results of the exploration and discussion that have been presented, the following conclusions can be drawn
1. E-Banking and Credit handed have an influence both contemporaneously and incompletely on the Financial Performance of BPD Banks throughout Sumatra., 2. fiscal performance (profit) influences tips given to BPD Bank shareholders throughout Sumatra.

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Institutional Review Board Statement: Ethical review and approval were waived for this study, due to that the research does not deal with vulnerable groups or sensitive issues.

Data Availability Statement: The data presented in this study are available on request from the corresponding author. The data are not publicly available due to privacy.

Conflicts of Interest: The authors declare no conflict of interest.

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