

*Influence Of Third-Party Funds, Operational Risk, Loan Banco Nasional Do Comercio De Timor Leste (Bnctl)  
Dili Timor-Leste*

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### **Abstract**

The research aims to determine the effect of third-party funds, operational risks, and loan to deposit ratios on profitability on Banco Nasional do Comércio de Timor-Leste (BNCTL). The method used is quantitative descriptive analysis. This type of data is Secondary data source from bank BNCTL's financial statements for the period 2010-2018, consisting of balance sheet statements and loss / profit statements. In this study, researcher conducted observations on financial statement data through annual reports provided by BNCTL for the period 2010-2018, thus getting nine years of observation. After secondary data is collected and analyzed then, tested using multiple linear regression analysis models. This analysis model consists of a normality test, an autocorrelation test, a multicollinearity test, and a regression model determination test. Based on the results of the analysis found, the results of the study showed that the variables DPK, BOPO and LDR, positively and significantly influential.

**Keywords:** Third Party Funds, Operational Risk, Loan To Deposit Ratio and Profitability (ROA)

### **INTRODUCTION**

Every works in daily activities have contain risks, as well as in bank activities. The higher of complement of business run by the bank, the more risks faced by the bank. The risks that occur will cause losses for the bank if not detected and not managed properly. In order to deal with, minimize and control the risks faced, bank always apply the function of risk management which is a process of identifying, measuring, monitoring and controlling the risks faced and the possibility of risk causing losses that are financial and non-financial.

Banking has a strategic role in supporting the running of the economic wheels and national development. This is because the bank has a function as an intermediation institution to organize the payment of transactions and monetary policy transmission tools. As an

intermediation institution, banks play an important role in raising funds and channeling to the real sector in order to encourage economic growth. Timor-Leste is a new country and has one national bank named Banco Nacional de Comercio de Timor-Leste (BNCTL), and in the period of twenty years to date (2000-2020) there are several foreign banks operating in Timor Leste such as; Bank Mandiri Indonesia, Bank ANZ New Zeland, Bank Nacional Ultra Marino (BNU) Portugal, and the emergence of a new bank BRI Indonesia.

With the emergence of banks will provide convenience and provide optimal services to the people of Timor Leste, of becoming mediation between communities such as h surplus funds and deficit, and will not rule out the possibilities given by government and government will provide additional funding support in answering the needs of local investors whose need considerable funds to fill various sectors that not yet exist and develop existing businesses in the country. In addition to increasing employment opportunities or preventing domestic development accommodation in various development policies throughout the districts in Timor Leste.

Banco Nacional de Comércio de Timor Leste (BNCTL) was the first National bank to be born out of a microfinance institution on the initiative of the ADB (Asia Development Bank) along with several donor countries such as Australia, Portugal and other Countries who joined the TFET named Micro Finance Institute of East Timor. On 13 May 2002 the institution was officially established under the name Instituição de Micro Finanças de Timor Leste (IMFTL), based on UNTAET regulation number 2000/8 and permission from the Banking and Payment Authority of East Timor (BPA) number BS/2002/121/VA. The name is still an institution, but its operational practices are the same as bank. The change from Microfinance institution to Bank BNCTL was formed on July 8, 2011 under Government Regulation No. 3 of 2011, dated January 26, changing from Instituto de Micro Financas Timor Leste (IMFTL) to Banco Nacional de Comercio Timor Leste (BNCTL). This change is accompanied by the provision of funds from ([www.bancocentral.tl](http://www.bancocentral.tl), 2019).

The type of business activities of Banco Nacional de Comércio de Timor Leste (BNCTL) is to serve micro, small and medium-sized entrepreneurs, as well as accept savings from the communities in the form of savings deposits, current accounts, term deposits, providing credit loans and providing other services. With this role, the management system and financial performance of banks also need to be maintaining financial stability of the bank

and the level of performance, because the level of performance is one of the tools to control the survival of a bank. From the financial statements, it will be known the level of performance of a bank (healthy or unhealthy).

Given the role of banking is very important, the Government of East Timor provides guarantees and protections in accordance with the mandate of the RDTL Constitution Article 142 on: "the financial system is regulated by law in such a way as to encourage savers, and guarantee savings, and will be provided financial resources needed for economic and social development".

Third party funds (DPK) is a fund sourced from the wider community is an important source for the bank's operational activities is a benchmark of the success of a bank if the bank can bear costs. Previous research on the growth of third-party funds on profitability conducted by Sukmawati (2016) stated the growth of third party funds had a significant positive effect on profitability, the same was also found by Hendratni (2018) which stated variable third party funds (DPK) had a positive and significant effect on profitability. While research conducted by Wityasari (2014) showed no significant influence and has a negative direction.

The Bank's operational risks are those due to insufficient and failed internal processes, human error, system failures, and/or external events affecting the bank's operations. Operational risk is different from other types of risks, as they are not directly related to the effort to produce return (Muhammad & Ellen., 2016). Operational risk is a risk caused by the lack of functioning of the bank's internal processes, human error, technological system failure, or due to external problems. Operational risks generally use BOPO (Operating Expenses to Operating Income) as a research indicator. BOPO demonstrates the ability of bank management in controlling operating costs to operating income. Operational efficiency emphasizes ef is achieved when transactions are conducted with minimum transaction costs. The banking industry is an industry that experiences various kinds of risks in carrying out its operations. The operating activities of the banking industry generate operating costs, generate operating income and involve assets in the process (Mohamad, Riska, & Tertiarto.,2018). Empirical evidence shows that operational efficiency is measured from the ratio of cost to revenue or overhead to total assets (Abdurrahman & Muhammad., 2015).

Profitability has an important meaning in a bank is to maintain its long-term survival, because profitability indicates whether the bank has good prospects in the future.

Profitability is the most appropriate indicator to measure the level of performance of a bank. Profitability is one of the benchmarks of a bank's financial performance. A bank's profitability is the ability of a bank to generate revenue the exceeds costs, in relation to the bank's capital base. A healthy and profitable banking sector be able to resist negative shocks and contribute to financial system stability (Ali Sulieman Alshatti, 2015). He,et al., (2014) General profitability is the relationship between profits generated by the company and investments to contribute the achievement of these profits, and profitability ratio measuring the efficiency of the company converting business activity into profit. Therefore, companies have gone public will seek to increase the value of their shares through profitability. The rise and fall in profitability in every banking company is due to several factors, including liquidity, operational efficiency, (Mohamad, et al.,2018).

Return on Asset (ROA) measures a bank's ability to generate overall profit. According to Capriani & Dana (2016) the greater the ROA, the greater the profitability which means the better the performance of a company. The profitability of a bank depends on the specific characteristics of bank and market in which is bank operates. Determinants of profitability can be both internal and external. Internal factors determine a bank's profitability include: capital ratio, cost-to-income ratio, loan loss provision, deposit growth, bank size, interest income sharing, funding costs, bank ownership, and violeta bank citizenship, et al., (2018).

Muhammad Fahrul Rozi Shafi'i and Ellen Rusliati (2016) showed that credit risk does not affect profitability. Operational risks and liquidity risks are positive to profitability. According to Mahmoud Al-Rdaydeh, Ali Matar, and Odai Alghzwai (2017) shows that the effect of liquidity risk on ROA is significant for banks and conventional. Saeed MS and Zahid (2016) stressed that credit risk indicators have a positive relationship with bank profitability. Mohamad Adam's research, Riska Safitri, Tertiaro Wahyudi (2018) shows that liquidity does not affect profitability and operational efficiency negatively affects profitability. Yong Tan, Christos Floros, John Anchor (2017) found that credit risk and liquidity risk significantly affect the profitability of commercial banks. Didik Riyanto, Dwi Asih Surjandari (2018) found credit risk to affect profitability, while liquidity risk did not affect profitability. Based on the

background description that has been explained, the formula for the problem in this study as follows: does credit risk affect profitability in BNCTL? Does liquidity risk affect profitability in BNCTL? and does Operational Risk Affect Profitability on BNCTL? Based on statements above, the purpose of this research is to know the effect of credit risk on profitability, the effect of liquidity risk on profitability, and the effect of operational risk on profitability.

## **RESEARCH METHOD**

The method used in this study is quantitative research i.e. information data expressed in the form of numbers. The location of this research was conducted at the National Commercial Bank of Timor-Leste (BNCTL) as a national bank located in Avenida Martires da Patria Mandarin Dili Timor Leste. The variables in this study are financial statements as measured by the analysis of DPK, BOPO, LDR and ROA at the National Bank of Timor-Leste for the period 2010 to 2018.

The type of data used in this study is secondary data sourced from bank BNCTL's financial statements for the period 2010-2018, consisting of balance sheet statements and loss / profit statements. The methods of collecting data used in this study are methods of observation and study of literacy. Method of observation in this case Researchers do observations on financial statement data through annual reports provided by the National Bank of Commercial Timor Leste (BNCTL). While the Literature Study is a technique of collecting data by reading and reviewing documents, library books, and other library materials (Sugiyono, 2014).

After secondary data is collected and analyzed it was tested using multiple linear regression analysis models. This analysis model consists of a normality test, an autocorrelation test, a multicollinearity test, and a regression model determination test. In this study have been used tools in the form of statistical software, namely SPSS vs. 22. Multiple linear regression analysis is used to test the influence of dependent (bound) and independent (free) variables. The independent variables of the study are: credit risk, liquidity risk, and operational risk. While the dependent variable is profitability.

## RESEARCH RESULTS AND DISCUSSION

**Table. 1**  
**Decrypted Research variables**

<b>CALCULATION RESULTS DPK, BOPO, LDR &amp; ROA TO BANCO NACIONAL DO COMERCIO DE TIMOR-LESTE (BNCTL) PERIODE 2010 – 2018</b>				
<b>Year</b>	<b>DPK</b>	<b>BOPO</b>	<b>LDR</b>	<b>ROA</b>
2010	0.03	0.73	1.04	0.03
2011	0.02	0.96	1.24	0.04
2012	3.28	0.77	0.74	0.02
2013	0.38	0.68	0.68	0.03
2014	0.92	0.82	0.31	0.01
2015	1.03	0.90	0.37	0.01
2016	0.96	0.70	0.47	0.02
2017	1.37	0.60	0.60	0.03

Sources: BNCTL financial statements processed by researchers 2020

In general, in the eighth period of the year third party funds experienced fluctuations from the eighth consecutive year, namely third party funds experienced fluctuations, as seen in table 5.1 showing in 2010 by 0.03, in 2011 by 0.02, in 2012 by 3.38, in 2013 by 0.38, in 2014 by 0.92, in 2015 reached a value of 1.03 in 2016 of 0.96, In 2017, it was 1.37. From the above results showed, during the five periods of experiencing fluctuations, shows the DPK in BNCTL has a less good performance in carrying out its business activities, the analysis illustrates that in 2010, 2011, 2013 and in 2016 decreased compared to 2012, 2015 and 2017, showed the DPK in BNCTL has a poor performance in carrying out its business activities.

In general, within four years BOPO of eight (8) consecutive years experienced fluctuations from 2010-2017. BOPO in 2010 amounted to 0.73, in 2011 it was 0.96, In 2012 it was 0.77, in 2013 it was 0.68, in 2014 it was high ratio of 0.82, and increased again in 2015 by 0.90, it can be said the ratio level of the two in 2016 was at 0.70, in 2017 by 0.60, it can be the performance of Banco Nacional do Comercio de Timor-Leste (BNCTL) bank showed a low level of efficiency.

In general, within eight years LDR tends to decrease from 2010-2017. After performing compensation to the LDR ratio in 2010 of 1.04, in 2011 it was 1.24, in 2012 it was 0.74, in

2013 it was 0.68, in 2014 it reached a value of 0.31, in 2015 it was 0.37, in 2016 it was 0.47, while in 2017 it was 0.60. This can prove the company's performance is not efficiency . If comparison with existing standards, the LDR in Banco Nacional Comercio de Timor-Leste in 2014 to 2017 falls into the category of unhealthy, where the provision of LDR ratio with standard value between 85-100%.

In general, it can be seen the phenomenon of Return on Asset that occurred in Banco Nacional do Comercio de Timor Leste, from the eighth year of the story experienced fluctuations from 2010-2017. For LDR in 2010 amounted to 0.03, in 2011 by 0.04, in 2012 by 0.02, in 2013 by 0.03, in 2014 it reached a value of 0.01, in 2015 it was 0.01, in 2016 it was 0.02, while in 2017 it was 0.03. It is said that Banco Nacional do Comercio de Timor-Leste (BNCTL) is categorized as healthy. When compared with existing standards and the ratio is above the standard value of >1.5%.

**Normality test**

The normality test was also conducted through a One-Sample Kolmogorov-Smirnov analysis on non-parametric tests. The results of the Kolmogorov-Smirnov One-Sample test can be displayed in table 2.

**Table 2**  
**Normality test**

<b>One-Sample Kolmogorov-Smirnov Test</b>		
	Standardized Residual	
N	8	
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	,75592895
Most Extreme Differences	Absolute	,149
	Positive	,103
	Negative	-,149
Kolmogorov-Smirnov Z		,422
Asymp. Sig. (2-tailed)		,994
a. Test distribution is Normal.		
b. Calculated from data.		

Sources: SPSS Output by researchers 2020

The normality test using kolmogorow-smirnov statistics, kolmogorow-smirnov value of 0.422 and significant value of 0.994 or more than 0.05 can be concluded the data used follows normal distribution.

**Multicollinearity test**

Pearson Correlation values in this test are used to detect multicollinearity problems. Both measures showed independent variables and other independent variables are describe. If a regression model has a tolerance value of  $\leq 0.10$  or equal to the Pearson Correlation value of  $\geq 10$ , then there has been multicollinearity. Conversely, if a regression model has a Pearson Correlation value of  $\geq 0.10$  or equal to the Pearson Correlation value  $\leq 10$  then there is no multicollinearity. The tolerance value and VIF value are shown in Table 4.

**Table 4**  
**Multicollinearity Test Results**

		Correlations		
		DPK	BOPO	LDR
DPK	Pearson Correlation	1	,376	,607
	Sig. (2-tailed)		,359	,110
	N	8	8	8
BOPO	Pearson Correlation	,376	1	,229
	Sig. (2-tailed)	,359		,586
	N	8	8	8
LDR	Pearson Correlation	,607	,229	1
	Sig. (2-tailed)	,110	,586	
	N	8	8	8

Sources: SPSS Output by researchers 2020

The results of the multicollinearity test showed the Pearson Correlation values of all variables  $\geq 0.10$  and the Pearson Correlation values all variables  $\leq 10$ . This suggests t all the variables in the study did not occur multicollinearity with other variables in the model.

**Autocorrelation test**

The autocorrelation test aims to test whether in a linear regression model, there is a correlation between a nuisance error in the t period and a nuisance error in the t-1 period. A good regression model is a regression free of autocorrelation. In this study used the Run Test



to test the presence of autocorrelation in regression models with the provision of Std. Residual values. Sig. (2 tailed) is greater than 0.05.

**Table 5**  
**Correlation Test Results**

**Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	,0080	,0399	,0238	,01043	8
Residual	-,00296	,00246	,00000	,00190	8
Std. Predicted Value	-1,512	1,547	,000	1,000	8
Std. Residual	-1,176	,975	,000	,756	8

a. Dependent Variable: *ROA*

From the results of tests conducted using the Run Test, it known as t the value of Std. Residual. Sig. (2-tailed) of 0.756 is greater than 0.05. Therefore can be concluded there are no autocorrelation symptoms of this regression model.

### **Beganda Linear Regression Test Results**

To facilitate the reading of results and interpretation of regression analysis, the form of equation is used. The equation or model contains constants and regression coefficients obtained from the results of data processing has been done before Regression equations have been formulated. then with the help of the SPSS program are processed data until the final equation is obtained:

$$Y = 0,039 + 4,877X_1 + 0,027X_2 + -0,051X_3$$

The numbers resulting from the test are described as follows:

#### **1. Constants ( $\alpha$ )**

In regression models, the constant value listed at 0.039 can be interpreted if the free variable in the model is assumed to be equal to zero, on average the variable outside the model will still increase the ROA by 0.039 a year.

#### **2. Regression Coefficient ( $\beta$ ) X1**

The magnitude of the  $\beta_1$  regression coefficient of 4,877 in this study can be interpreted the variable (X1) positively affects profitability (Y). It shows that when credit risk increases by one unit, profitability will also increase by 4,877 units.

**3. Regression Coefficient ( $\beta$ ) X2**

The magnitude of the  $\beta_2$  regression coefficient of 0.027 in this study can be interpreted the variable (X2) positively affects profitability (Y). It shows that when liquidity risk increases by one unit, profitability will also increase by 0.027 units.

**4. Regression Coefficient ( $\beta$ ) X3**

The magnitude of the  $\beta_3$  regression coefficient of -0.051 in this study can be interpreted the variable (X3) negatively affects profitability (Y). it shows when operational risk increases by one unit, profitability will also increase by -0.051 units.

**Coefficient of Determination**

The coefficient of determination ( $R^2$ ) measures how far the model is ability to apply variations in dependent variables. The coefficient of determination between zero and ( $0 \leq R^2 \leq 1$ ).

**Table 6**  
**Coefficient of Determination test**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,984 <sup>a</sup>	,968	,944	,00252
a. Predictors: (Constant), LDR, BOPO, DPK				

The coefficient of determination indicated by R Square shows a figure of 0.968 which means a combination of independent variables such as third party funds (DPK), Loan to Deposit Ratio (LDR) and operational risk can explained the dependent variable i.e. profitability of 96.8%. The remaining 3.2% was explained by other factors such as inflation, interest rates, exchange rates, and other banking risks not included in the studies.

**Statistics test F**

Statistical test F is a test used to find out whether independent variables jointly or simultaneously affect dependent variables. Based on the results of SPSS output, it can be seen independent variables of credit risk, liquidity risk, and operational risk jointly or simultaneously affect dependent variables or profitability as shown in the following table:

**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	,001	3	,000	40,043	,002 <sup>b</sup>
Residual	,000	4	,000		
Total	,001	7			

a. Dependent Variable: *ROA*  
 b. Predictors: (Constant), DPK, BOPO, LDR

Based on the output of the test result F d Based on the output of the ANOVA table above the value f calculate is 40.043 while the value of f of the previously known table is 2.98. Because the value f calculates the > f with significance is 0.002. Because the significance level of  $\text{sig} \leq 0.05$  it can be concluded the model is declared fit, it concluded the free variables in this study third party funds, operational risks, and loan deposit ratios precisely measure the bound variables studied, namely profitability.

**Statistical Test-t**

This test is done to see how independent variable relationships individually affect dependent variables. To see independent variables can affect the profitability dependent variables in Banco Nasional do Comércio de Timor-Leste (BNCTL-Dili), it can be seen in the following table:

**Table 7**  
**Test Results t**

Coefficients<sup>a</sup>

Model	B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1 (Constan)	,039	,007		5,411	,006
DPK	4,877	,000	,450	3,794	,019
BOPO	-,027	,003	,828	-8,552	,001
LDR	-,051	,010	-,576	-5,100	,007

a. Dependent Variable: *ROA*

Based on the results of the processed statistical data in table 5.8, If the value of significance  $< 0.05$  then it can be stated the hypothesis is accepted, then there is a significant influence between independent variables to dependent variables.

### **1.) Effect of Credit Risk on Profitability**

The DPK variable has a positive relationship to Profitability, the value  $t$  calculates the DPK variable generated in the Coefficients table of 3,794 while the previously known table  $t$  value is 2.2281. Because the value  $t$  calculates the  $> t$  of the table and the value of the value  $t$  ratio of 3.794 with a significance level of 0.019. The significance of  $\text{sig} \leq 0.05$  can be accepted H1 hypothesis, namely Third Party Funds have a positive effect on Profitability.

### **2.) Effect of liquidity risk on profitability**

The Operational Risk variable as measured by BOPO has a negative relationship to profitability. The calculated BOPO variable in the Coefficients table is -8.552 while the previously known table  $t$  value is 2.2281. Because the value  $t$  calculates  $> t$  of the table and the value of the value  $t$  ratio of -8.552 with a significance level of 0.001. The significance of  $\text{sig} \leq 0.05$  can be accepted H2 Hypothesis, namely Operational Risk affects profitability.

### **3.) Effect of operational risks on profitability**

The Variable Loan Deposit Ratio has a positive relationship to profitability. The value  $t$  calculates the LDR variable generated in the Coefficients table of -5,100 while the previously known table  $t$  value is 2.2281. Since the value  $t$  calculates the  $> t$  of the table and the value of the  $t$  ratio of -5,100 with a significance level of 0.007, the significance of  $\text{sig} \leq 0.05$  can be accepted, i.e. -5,100 positive effect on Profitability.

## **RESULT AND DISCUSSION**

Based on the results of the analysis has been done, will be a discussion related to the results of the analysis to provide a clear picture of how the influence occurs between variables in the researches. The variables in this study are Third Party Funds as variable X1, Operational Risk as variable X2, Loan to Deposit Ratio as variable X3, and Profitability as variable Y.

### **1. Influence of Third Party Funds on Profitability**

The study found the Third Party Funds have a positive effect on profitability. it means the increase in Third Party Funds were measured with the comparison of Third Party Funds to

those owned by Banco Nacional do Comercio de Timor-Leste (BNCTL) in Timor Leste, can increased its profitability as measured by Return on Assets (ROA).

it indicates the more customer deposits collected by partner bank will increased the bank's business activities to obtain profitability. The bank is expected to be encouraged customers in increasing their deposits in order to maximize their profitability by maintaining the spread between deposit interest and credit interest and keeping funds from idle.

With more funds can be raised through third-party funds, banks can added credit or other business activities can bring greater profitability to the bank. Therefore, banks are required to be creative to develop products were attractive and in accordance with the needs of customers to increase third-party funds collected by banks. The results of this studies were consistent with previous research conducted by Sudyanto (2010); Nasution (2011); Vina Amalia (2014); Ayu Krisna (2015); and Mayliza (2015).

## **2. Effect of Operational Risk on Profitability**

The study found Operational Risk has a significant effect on profitability. It means the increased of Operational Risk as measured by operating expenses to Banco Nacional do Comercio de Timor-Leste (BNCTL) Operating Income (BOPO) in Timor Leste, can be increased its Profitability as measured by Return on Assets (ROA).

It indicates the increasing efficiency indicated by the decline of BOPO will affected by profitability of the bank. The bank as a business entity certainly needs resources such as employees, buildings, or vehicles to support its operational activities in gaining profits. The higher the efficiency carried out by the bank in its operational activities, it will reduced costs which of course can increase the difference in the profit generated in operational activities. In order to increase its profitability, banks should try to minimize costs incurred such as improving the management system, the use of technologies, or bureaucratic reforms can saved the bank's time and operational costs.

## **3. Effect of Operational Risk on Profitability**

The study found the Loan to Deposit Ratio (LDR) has a positive effect on profitability. it means in increasing Loan to Deposit Ratio (LDR) is measured with the comparison of Third Party Funds to credit channeled by Banco Nacional do Comercio de Timor-Leste (BNCTL) in Timor Leste, can increased its profitability as measured by Return on Assets (ROA).

It indicates the higher the credit channeled by the partner bank, the profitability generated will increased. It has accordance with the main activities of the bank as a financial intermediary institution where the amount of credit channeled is the main sources of income of the bank. the banks are expected to increase credit channeled by considering aspects of credit analysis to minimize the risk of default of reducing bank profitability. As a financial institution, credit distribution is a major activity for banks. Then the third-party funds are successfully collected through savings, current accounts, and deposits can be channeled back to debtors who provide services in the form of interest (Spread) which is a benefit for the bank. Therefore, it is better to distribute credit variedly in order to reach all segments in meeting high credit demands.

The results of this study are consistent with previous research conducted by Puspitasari (2009); Buyung (2009); Ayu Krisna (2015) and Capriani and Dana (2016).

## **CONCLUSION**

### **Conclusion**

Based on the description of the previous chapters have been concluded as follows:

- 1) Third Party Funds have a positive effect on profitability. it means the increase in Third Party Funds are measured with the comparison of Third Party Funds to those owned by Banco Nacional do Comercio de Timor-Leste (BNCTL) in Timor Leste, can increase its Profitability as measured by Return on Assets (ROA).
- 2) Operational Risks affected the significant impact on profitability. It means the increased Operational Risk as measured by operating expenses to Banco Nacional do Comercio de Timor-Leste (BNCTL) Operating Income (BOPO) in Timor Leste, can increased its Profitability as measured by Return on Assets (ROA).
- 3) Loan to Deposit Ratio (LDR) has a positive effect on profitability. It means the increased Loan to Deposit Ratio (LDR) that is measured with the comparison of Third Party Funds to credit channeled by Banco Nacional do Comercio de Timor-Leste (BNCTL) in Timor Leste, can increase its Profitability as measured by Return on Assets (ROA).

### **Suggestion**

This study is used three free variables, it is expected for researchers to further conduct research outside the variable such as credit risk, interest rates.

## **Implication**

The Banco Nasional do Comércio de Timor-Leste (BNCTL-Dili). With the findings of this study concluded the Third Party Funds (DPK), and Loan to Deposit Ratio (LDR) have a positive and significant effect on ROA (Return on Assets). It is expected for Banco Nasional do Comércio de Timor-Leste (BNCTL-Dili) to increase customer deposits, as well as credit distribution. In addition, the bank must also improve the efficiency of operations by reducing operational expenses, increasing the credit channeled to increase bank profitability.

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