The Moderation Role of Company Size in Increasing Profitability in the Sector Banking

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ABSTRACT: Profitability has an important meaning in an effort to maintain the continuity of the company, because profitability shows whether the business entity has good prospects in the future. Based on data obtained in the annual reports of Rural Banks (BPR) throughout Denpasar City, the profitability of BPRs over the last six years has decreased significantly. The formulation of the research problem is how is the effect of the Capital Adequacy Ratio and Loan to Deposit Ratio moderated by Company Size on Profitability in BPRs throughout the City of Denpasar? This study uses a quantitative descriptive approach with secondary data sources. The research population is all BPRs in Denpasar City, totaling 22 units. Determination of the sample using purposive sampling in order to obtain 20 BPR units as a sample and 120 observational data. The research instrument uses documentation techniques or non-participant observation. Methods of data analysis using descriptive analysis and inferential analysis with moderation or moderated regression analysis The results of the study show that the Capital Adequacy Ratio has no effect on Return on Assets. Loan to Deposit Ratio has a positive and significant effect on Return on Assets. Company size is not able to moderate the effect of Capital Adequacy Ratio on Return on Assets. Company size is able to moderate the effect of Loan to Deposit Ratio on Return on Assets. The implication of the research is that this research provides information for BPRs throughout Denpasar City regarding the effect of Capital Adequacy Ratio and Loan to Deposit Ratio on Return on Assets which is moderated by Firm Size so that BPR management throughout Denpasar City can determine future policy directions in order to increase profitability and progress BPR in Denpasar City.

KEYWORDS: Return on Asset, Capital Adequacy Ratio, Loan to Deposit Ratio, Company Size

1. INTRODUCTION

The bank is a financial institution that is able to improve the community's economy in a country, because the bank has a role as an intermediary institution, namely as a financial intermediary between two parties, both parties who have excess and lack of funds. Banks can simply be interpreted as financial institutions whose main activities are collecting funds from the public and channeling these funds back to the community and providing other bank services (Terra, 2023). According to (Kor, 2016) it is a ratio for assessing a company's ability to seek profit or profit in a certain period. This ratio also provides a level measure effectiveness management of a company shown from the profit generated from sales or from investment income.

Obtaining bank profitability is able to describe the bank's ability to generate profits in one or every period. When bank profitability is high or has increased, it can be concluded that banking performance is quite good, because banks have operated effectively and efficiently in terms of generating profits. This research is to measure profitability researcher's use *Return on Assets.* According to (S. B. Kim & Kim, 2016), *Return on Assets* is the ratio that measures the effectiveness of management as a whole indicated by the size of the level of profit earned in relation to sales, returns, assets, capital, and investment. According to (Jui-Min, 2012) it is a ratio for assessing a company's ability to seek profit or profit in a certain period. Keep in mind that in economic theory income and profits have slightly different meanings from a bookkeeping perspective.

Some of the ratios that become factors that affect the profitability of the company is the adequacy of the company's capital. Capital is a very important factor for the development and progress of the bank as well as maintaining public trust. Every creation of assets, apart from having the potential to generate profits, also has the potential to cause risks. Capital adequacy in this study is proxied by *Capital Adequacy Ratio*. According to (S. B. Kim & Kim, 2016), *capital adequacy ratio* is a capital ratio that shows the bank's ability to provide funds for business development purposes and accommodate possible risks of loss resulting

from bank operations, the greater the ratio, the better the capital position. (Abdulkabir, 2020) Another factor that affects the company's profitability is the company's liquidity ratio. Liquidity ratios are measured using ratios of loan *to deposit ratio* According to (Nicholas, Jayanath, & Zahirul, 2018) the Loan to Deposit Ratio states how far a bank is able to pay back the withdrawal of funds made by depositors by relying on the credit provided as a source of liquidity.

BPRs in Denpasar City certainly have different company sizes, which can be seen from the size of the assets owned. The size of a company with large assets can strengthen the BPR's fundamentals which affect BPRs in generating profits. The greater the assets owned by the BPR, the more flexible it is in managing its portfolio efficiently and optimally, as well as the scope of business or shares which market controlled more, so as to increase operational efficiency in generating profits. However, on the other hand, the larger the size of the company, the greater the operational costs, which will reduce the profit/profitability generated by the company. This can illustrate that the size of the company (banking) on the one hand can strengthen or increase the company's profit, but on the other hand it can reduce the profit generated by the company. For this reason, company size in this study can be used as a moderating variable that affects BPR profitability in Denpasar City. Based on the phenomenon of the declining average profitability of BPRs throughout the City of Denpasar, as well as the results of previous studies which showed inconsistent results, the researchers were interested in re-examining the effect of Capital *Adequacy Ratio*, *Loan to Deposit Ratio*, and company size and *Return on Asset*.

2. LITERATURE REVIEW

2.1 Teori Stewardship

Stewardship theory is a theory coined by (Pitchayadol, Hoonsopon, Chandrachai, & Triukose, 2018), this theory describes a situation where managers are not motivated by individual goals but are more aimed at their main outcome goals for the benefit of the organization, so this theory has a psychological and sociological basis that has been designed where executives as stewards are motivated to act according to the wishes of the principal, besides that steward behavior will not leave the organization because stewards are trying to achieve organizational goals (Smith, 2017). This theory assumes that the personal interests of managers and owners can be unified by means of achieving organizational goals.

2.2 Profitability, Capital Adequacy and Liquidity

Profitability in this study uses the ratio (ROA) (Adeosun & Ganiyu, 2013), this ratio shows the efficiency level of asset management carried out by the bank concerned. The greater it is Return on Assets a bank, the greater the level of profit achieved by the bank and the better the position of the bank in terms of asset use (Adeosun & Ganiyu, 2013). The greater it is Return on Assets bank, it the bank's financial performance is getting better. If the bank can maintain its performance well, especially with a high level of profitability, then it is likely that the share value of the bank concerned will rise.

Capital adequacy in this study is proxies by the Capital Adequacy Ratio (CAR). According to (H. K. Kim & Lee, 2021) Capital Adequacy Ratio is an indicator to see the health of bank capital, to measure the adequacy of capital owned by a bank to support assets that contain or generate risks such as financing provided. According to Buffer Theory of Capital Adequacy, Banks may choose to withhold excess capital to reduce the possibility of falling under the legal capital requirement, especially if their capital adequacy ratio is very low volatile (Vlasov & Kachan, 2021). (Zheng, 2022) Liquidity is measured using the L ratio to Deposit Ratio (LDR). According to (Zhang, Wang, & Chun, 2022), LDR states how far the bank's ability to pay back withdrawals made by depositors by relying on the credit provided as a source of liquidity. In other words, to what extent credit is given to customers, credit can offset bank obligations to immediately meet the demands of depositors who want to withdraw money that has been used by banks to provide credit (Raj Sharma, Kumar Sanu, Verma, & Rajput, 2022).

2.3 Moderation of Company Size

Company size reflects the size of a company which can be judged by the amount of assets owned by a company. If a company requires additional funding from external parties, company size can affect the amount of funds that will be obtained by the company (Yasir & Majid, 2017).

2.4 Relationship between Variables and Hypotheses

Effect of CAR on ROA

The higher the, the stronger the bank's ability to bear the risk of any risky loans or earning assets or in other words, the higher the capital adequacy to bear the risk of bad loans so that the bank's performance is better, and can increase public trust and lead to increased profits. The results of previous research conducted by (Inkinen, 2015; Still, Huhtamäki, & Russell, 2013) and (Inkinen, 2015) state that capital adequacy has a positive and significant effect on profitability. The results of this study are reinforced by the results of research by (Rachim et al., 2021) and (Ali, 2021), research by (Asamoah, Baiden, Nani, & Kissi, 2020)

which states that Capital Adequacy Ratio give a positive influence on the profitability of the company. Based on this description, the first hypothesis used in this study can be arranged as follows:

H1: CAR has a significant positive effect on ROA

The effect of LDR on ROA

The results of previous research conducted by (Chatterjee & Kulakli, 2015; David, Anxo, & Manel, 2015) stated that liquidity or *Loan to Deposit Ratio* positive and significant effect on *Return on Assets*. The results of this study were strengthened by the results of (Alnassar & Chin, 2015; Ashill, Rod, & Gibbs, 2015) which states that *Loan to Deposit Ratio* has a significant influence on profitability, where the higher the LDR, the higher the company's profitability. Based on this description, the second hypothesis that is used in this study can be arranged as follows:

H2: LDR has a significant positive effect on ROA

## Company Size Moderates the Effect of CAR on ROA

The higher the CAR, the stronger the bank's ability to bear the risk of any risky loans or earning assets or in other words, the higher its capital adequacy to bear the risk of bad loans, so that the bank's performance is better, and can increase public confidence in banks that which results in increased profits. The results of previous research conducted by (Asamoah et al., 2020) and (Rachim et al., 2021) state that capital adequacy has a positive and significant effect on profitability, which means that the higher the capital adequacy of a company, the higher the chance for the company to generate profits. (Kadioglu, Telceken, & Ocal, 2017) states that company size is able to moderate the relationship between capital adequacy and company profitability. Based on this description, the third hypothesis that is used in this study can be compiled as follows:

H3: Firm size is able to moderate the relationship between CAR and ROA

Company Size Moderates the Effect of LDR on ROA

The results of previous research conducted by (Gönül, Tüzün, & Gökoğlu, 2013) stated that liquidity or *Loan to Deposit Ratio (LDR)* positive and significant effect on *Return on Assets (ROA)* , which means that the higher the company's liquidity ratio, the higher the profit generated. The results of research (Zheng, 2022) where company size can strengthen or weaken the relationship between LDR and ROA. Based on this description, the fourth hypothesis used in this study can be compiled as follows:

 H4: Firm size is able to moderate the relationship between LDR and ROA
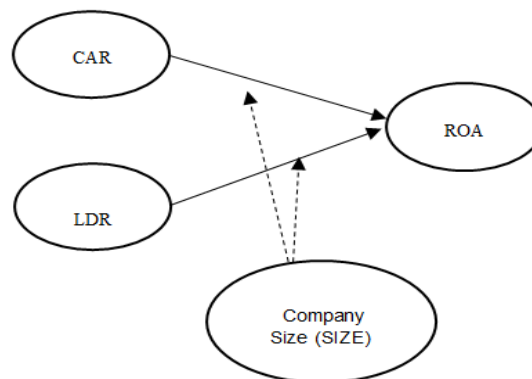
Figure 1. Research Conceptual Framework
Source: Researcher's Conceptual Framework, 2022

3. RESEARCH METHODS

This research was conducted in all BPRs in Denpasar City. The scope of this research is all BPRs in Denpasar City with object research is influence *Return on Asset*, *Capital Adequacy Ratio*, *Loan to Deposit Ratio* Which moderation company size. Data source used in this study is secondary data, namely the annual report BPR in Denpasar City Through the official website of the Financial Services Authority (OJK) during the 2015-2020 research periods. The population of this study is all BPR in Denpasar City As many as 22 units Bank People's Credit.

4. RESULTS

Descriptive Statistical Analysis

Analysis Statistics Descriptive is used to show the amount of data used in this study and can show the maximum value, minimum

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value, average value and standard deviation of each variable. The variables in this study include variables *Return on Asset*, Capital *Adequacy Ratio, and Loan to Deposit Ratio,* and Firm Size. The results of descriptive data processing can be seen in Table 1 as follows:

Table 1. Descriptive Statistical Test Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
ROA	120	-10,86	11,93	2,2821	3,44949
CAR	120	10,81	282,10	37,0511	42,66502
LDR	120	10,30	117,55	75,0770	14,22968
SIZE	120	16,10	22,58	18,3550	1,16681
Valid N (*listwise*)	120				

Source: Processed data, 2023

Table 1. Shows that N or the amount of data on each valid variable is 120. It can be explained for each variable as follows.

1. Sample data *Return on Asset* has a minimum value of -10.86 and a maximum value of 11.93, while the average value is 2.2821 with a standard deviation of 3.44949 the standard deviation value is greater than the average value which means the data *Return on Asset* varied or heterogeneous.

2. Sample data *Capital Adequacy Ratio* has a minimum value of 10.81 and a maximum value of 282.10, while the average value is 37.0511 with a standard deviation of 42.66502 the standard deviation value is greater than the average value which means the data *Capital Adequacy Ratio varied* or heterogeneous.

3. Sample data *Loan to Deposit Ratio* has a minimum value of 10.30 and a maximum value of 117.55, while the average value is 75.0770 with a standard deviation of 14.22968, the standard deviation value is smaller than the average value, which means the data *Loan to Deposit Ratio* less varied or homogeneous.

4. The Company Size data sample has a minimum value of 16.10 and a maximum value of 22.58, while the average value is 18.3550 with a standard deviation of 1.16681, the standard deviation value is smaller than the average value, which means the data Company size is less varied or homogeneous.

Results of Moderation Analysis

The results of the Company Size moderation analysis can be seen in the table below.

Table 2. Moderation Analysis Results

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-81,370	27,453		-2,964	0,004
	CAR	-0,146	0,166	-1,802	-0,875	0,383
	LDR	1,109	0,359	4,577	3,091	0,003
	SIZE	4,091	1,485	1,384	2,754	0,007
	CAR*SIZE	0,010	0,010	2,020	1,008	0,316
	LDR*SIZE	-0,055	0,019	-4,566	-2,825	0,006

Source: Processed data, 2023

Based on Table 2, the constant value (a) and regression coefficient (b) each variable. Based on the values mentioned above, the regression equation is obtained as follows.

LENGTH=$a+b_1CAR+b_2LDR+b_3CAR*SIZE+b_4LDR*SIZE + e$……………(6)

ROA= -81.370 - 0.146 CAR + 1.109 LDR + 0.010 CAR*SIZE - 0.055 LDR*SIZE Based on the equation above, it can be interpreted as follows:

1. Constant value (a) is -81.370, meaning that if the variable values of CAR, LDR, SIZE, the interaction between CAR and SIZE, and the interaction between LDR and SIZE are constant or do not increase, then *Return on Asset* will still be -81.370.

2. CAR correlation coefficient (b_1) of -0.146, with a significance of 0.383 greater than 0.05 meaning that increases and

decreases in CAR have no effect on *Return on Asset*.

3. The value of the LDR correlation coefficient (b_2) of 1.109, meaning that if the LDR value increases by one unit, the ROA value will increase by 1.109 assuming the value of other variables remains the same.
4. The correlation coefficient value of the interaction between CAR and SIZE (b_3) of 0.010 with a significance of 0.316 greater than 0.05 means that SIZE is not able to moderate the relationship between CAR and ROA.
5. The correlation coefficient value of the interaction between LDR and SIZE (b_4) is -0.055, meaning that if the value of the interaction between LDR and SIZE increases by one unit, the ROA value will decrease by 0.055 assuming the values of other variables are constant. So SIZE is able to moderate the relationship between LDR and ROA.

Based on test results moderated *regression analysis* and the regression equation, then company size as a moderating variable can be classified as follows: company size is classified as a non-moderator criterion in the relationship between CAR and ROA, and company size is classified as a criterion as *a director in* the relationship between LDR and ROA.

Classic assumption test

The results obtained by using the test Kolmogorov-Smirnov Provided that if the significance of each variable is > 0.05 then it is normally distributed, whereas if the significance of each variable is less than 0.05 then the data is not normally distributed (Ghozali, 2018: 87). The results of the normality test have a statistical test value of 0.454 > 0.05 so that it can be said that the regression model meets the normality assumption.

Table 3. Multicollinearity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics	
		B	Std. Error	Beta	Tolerance	VIF
1	(Constant)	-15,930	4,982			
	CAR	0,012	0,008	0,153	0,746	1,341
	LDR	0,116	0,022	0,478	0,804	1,244
	SIZE	0,493	0,258	0,167	0,868	1,152

Source: Processed data, 2023

Based on Table 3, all independent variables have a VIF value of less than 10 and have a tolerance number of more than 0.1. This means that there are no symptoms of multicollinearity from the regression model used.

Table 4. Heteroscedasticity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5,053	2,617		1,931	0,056
	CAR	0,007	0,004	0,190	1,856	0,066
	LDR	-0,014	0,012	-0,118	-1,199	0,233
	SIZE	-0,124	0,135	-0,087	-0,919	0,360

Source: Processed data, 2023

Table 4. Shows all variables have a significance level greater than 0.05. This means that in the regression model there are no symptoms of heteroscedasticity.

Model Feasibility Test

The test was conducted to determine the effect of CAR and LDR on ROA with Firm Size as a moderating variable in BPRs throughout Denpasar City. The results of the F test can be seen as follows:

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Table 5. F Test Results

ANOVА[b]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	463,074	5	92,615	11,080	0,000[a]
	Residual	952,903	114	8,359		
	Total	1415,977	119			

Source: Processed data, 2023

Based on the results of the F test in Table 5, the calculated F value is 11.080 with a significance of 0.000 <0.05 indicating that CAR, LDR, SIZE, the interaction between CAR and SIZE, as well as the interaction between LDR and SIZE simultaneously affect ROA in BPRs throughout Denpasar City, so the regression model is feasible to use.

The coefficient of determination (R^2)

Table 6. Results of the Coefficient of Determination

Model Summary[b]					
Model	R	R Square	Adjusted Square	RStd. Error of theEstimate	Durbin-Watson
1	0,572[a]	0,327	0,298	2,89116	1,617

Source: Processed data, 2023

Based on the results of the determination analysis in Table 6, the values obtained *Adjusted R Square* of 0.298, which means that ROA in BPRs throughout Denpasar City can be explained by CAR, LDR, company size, the interaction between CAR and company size, as well as the interaction between LDR and SIZE of 29.8% while the remaining 70.2% is explained or influenced by factors or other variables outside this research model.

Hypothesis Test (t test)

The t test was carried out to determine whether the independent variables partially or individually have an influence on the dependent variable. If the significance level obtained (*p-value*) is smaller or equal to 0.05, then the hypothesis can be accepted or the independent variable has a statistical effect on the dependent variable. The results of the t-test of the effect of CAR and LDR on ROA with firm size as a moderating variable in BPRs throughout Denpasar City are shown in Table 7. below.

Table 7. Hypothesis Test Results

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-81,370	27,453		-2,964	0,004
	CAR	-0,146	0,166	-1,802	-0,875	0,383
	LDR	1,109	0,359	4,577	3,091	0,003
	SIZE	4,091	1,485	1,384	2,754	0,007
	CAR*SIZE	0,010	0,010	2,020	1,008	0,316
	LDR*SIZE	-0,055	0,019	-4,566	-2,825	0,006

Source: Processed data, 2023

Based on the results of the moderation analysis/*moderated regression analysis* in Table 7, can be explained as follows.

1. Effect t test results Capital Adequacy Ratio to Return on Asset shows the value of t_{count} of -0.875, and the t-test significance value of 0.383 which is greater than(significant level) = 0.05, it can be concluded that Capital Adequacy Ratio no effect on Return on Asset in BPRs throughout Denpasar City, so that the first hypothesis (H_1) rejected.

2. Effect of t-test results Loan to Deposit Ratio to Return on Asset shows the value of t_{count} of 1.109, and a significance value of the t test of 0.003 which is smaller than (significant level) = 0.05, it can be concluded that Loan to Deposit Ratio positive and significant effect on Return on Asset in BPRs throughout Denpasar City, so that the second hypothesis (H_2) is accepted.

3. The results of the t-test influence the interaction between Capital Adequacy Ratio and Company Size to Return on Asset

shows the value of count of 1.008, and the t-test significance value of 0.316 which is greater than (significant level) = 0.05, it can be concluded that company size is not able to moderate the effect Capital Adequacy Ratio to Return on Asset in BPRs throughout Denpasar City, so that the third hypothesis (H_3) rejected.

4. The results of the t-test influence the interaction between Loan to Deposit Ratio and Company Size to Return on Asset shows the value of t_{count} of -2.825, and the t-test significance value of 0.006 which is smaller than (significant level) = 0.05, it can be concluded that company size is able to moderate (weaken) the effect Loan to Deposit Ratio to Return on Asset in BPRs throughout Denpasar City, so that the fourth hypothesis (H_4) is accepted.

4.2 Discussion

Influence Capital Adequacy Ratio to Return on Asset

Based on the calculation results, the value of the correlation coefficient is obtained Capital Adequacy Ratio to Return on Asset of -0.146, the value of t_{count} of -0.875, and the t-test significance value of 0.383 which is greater than (significant level) = 0.05, it can be concluded that Capital Adequacy Ratio no effect on Return on Asset in BPRs throughout Denpasar City, so that the first hypothesis (H_1) rejected. That is, increase and decrease in value Capital Adequacy Ratio cannot affect the value Return on Asset in BPRs throughout the City of Denpasar.

The results of this study are not in accordance with the theory which states that the higher the CAR, the higher the bank's ability to generate profitability. The discrepancy between the research results and this theory is due to the fact that there are BPRs that have large capital, but cannot use this capital effectively, so that a large capital structure will not affect bank profitability. The greater the capital reserves that are used to cover the risk of loss, can reduce the ability of BPRs to expand their business, in other words, a lot of funds are simply accommodated by BPRs without channeling them to third parties or credit. So this condition indicates that BPRs throughout the City of Denpasar do not use all the potential of its capital to increase bank profitability. The results of this study are in line with the results of previous studies conducted by (Barman-Adhikari & Rice, 2014; Inkinen, 2015; Still et al., 2013); (Rachim et al., 2021)which state that Capital Adequacy Ratio has no effect on profitability.

Influence Loan to Deposit Ratio to Return on Asset

Based on the calculation results, the value of the correlation coefficient is obtained Loan to Deposit Ratio to Return on Asset of 1.109, the value of t_{count} of 1.109, and a significance value of the t test of 0.003 which is smaller than (significant level) = 0.05, it can be concluded that Loan to Deposit Ratio positive and significant effect on Return on Asset in BPRs throughout Denpasar City, so that the second hypothesis (H_2) accepted. That is, the increasing ratio Loan to Deposit Ratio it will be followed by an increase Return on Asset in BPRs throughout the City of Denpasar. The results of this study are in line with the results of previous research conducted by (Chatterjee & Kulakli, 2015; David et al., 2015) which state that liquidity or Loan to Deposit Ratio positive and significant effect on Return on Assets. The results of this study were strengthened by the results of (Alnassar & Chin, 2015; Ashill et al., 2015) which states that Loan to Deposit Ratio has a significant influence on profitability, where the higher the LDR, the higher the company's profitability.

Company Size Moderates Influence Capital Adequacy Ratio to Return on Asset

Based on the calculation results obtained the value of the correlation coefficient of the interaction effect between Capital Adequacy Ratio and Company Size to Return on Asset of 0.010, the value of t_{count} of 1.008, and the t-test significance value of 0.316 which is greater than (significant level) = 0.05, it can be concluded that company size is not able to moderate the effect Capital Adequacy Ratio to Return on Asset in BPRs throughout Denpasar City, so that the third hypothesis (H_3) rejected. That is, the size of the company size will not be able to moderate (strengthen or weaken) the relationship between Capital Adequacy Ratio to Return on Asset in BPRs throughout the City of Denpasar. The results of this study are not in accordance with the theory which states that the larger the size of the company, the greater the capital structure it has which makes the bank's ability to generate profitability higher. Discrepancy between the results of the study with

This theory is due to the fact that not all BPRs throughout Denpasar City with a large size are able to earn large profits either. If the BPR is unable to process its assets, the bank will not be able to generate high profits. The size of the company also cannot guarantee that the BPR has good prospects. On the other hand, based on data on the financial reports of BPRs throughout the City of Denpasar during the 2015-2020 period, it can be seen that the size of BPR companies has experienced a steady increase, while the resulting profitability has fluctuated as well as fluctuating capital structure data. This is the reason why company size is not able to moderate the relationship Capital Adequacy Ratio to Return on Asset. The results of this study are in line with the results of research conducted by (Gönül et al., 2013) which state that company size is not able to moderate the relationship Capital Adequacy Ratio to Return on Asset, meaning that the size of a large or small company weakens the relationship between the Capital Adequacy Ratio to Return on Assets.

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Company Size Moderates Influence Loan to Deposit Ratio to Return on Asset

Based on the calculation results obtained the value of the correlation coefficient of the interaction effect between Loan to Deposit Ratio and Company Size to Return on Asset of -0.055 t value count of -2.825, and the t-test significance value of 0.006 which is smaller than (significant level) = 0.05, it can be concluded that company size is able to moderate (strengthen) the effect Loan to Deposit Ratio to Return on Asset in BPRs throughout Denpasar City, so that the fourth hypothesis (H4) accepted. That is, Firm Size is able to moderate (weaken) the relationship between Loan to Deposit Ratio to Return on Asset in BPRs throughout the City of Denpasar.

The results of this study are inversely proportional to the theory which states that a company with a larger size must have a larger capital to maintain the company's liquidity and channel it as credit, which has an impact on the profitability of the company. The discrepancy between the research results and this theory is due to the fact that in maintaining the LDR ratio, BPRs throughout the City of Denpasar must be able to maintain and also increase the credit extended to the community, in addition to the bank's task of collecting funds from the public. The larger the size of the BPR, the greater the loan disbursement, but this will also increase the risk of bad credit which will result in a decrease in profits. This causes the size of the company to moderate (weaken) the relationship Loan to Deposit Ratio to Return on Assets. The results of this study are in line with the results of research (Kadioglu et al., 2017); (Ali, 2021; Rachim et al., 2021) which states that company size can moderate the relationship between Loan to Deposit Ratio to Return on Assets, where firm size can strengthen or weaken the relationship between Loan to Deposit Ratio to Return on Assets.

5. CONCLUSION

Firm size is not able to moderate influence Capital Adequacy Ratio to Return on Asset in BPRs throughout the City of Denpasar. That is, the size of the company will not be able to moderate (strengthen or weaken) the relationship between Capital Adequacy Ratio to Return on Asset in BPRs throughout the City of Denpasar. Firm size is able to moderate (weaken) influence Loan to Deposit Ratio to Return on Asset in BPRs throughout the City of Denpasar. That is, Firm Size is able to moderate (weaken) the relationship between Loan to Deposit Ratio to Return on Asset in BPRs throughout the City of Denpasar. So this should get deeper attention for the banking sector, especially if it is a positive driving factor for the sustainability of the banking sector, especially at the BPR bank in Denpasar.

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