
Gold Prices And Performance: The Role Of Bank Intermediation

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Abstract.

The main activities carried out by banks aim to increase equitable distribution of economic growth and maintain national stability towards increasing prosperity. Strict regulations in the banking industry require the banking industry to improve its performance, including in the aspect of achieving profits. Achieving this profit can be improved by analyzing the factors that shape profitability. The aim of the research is to find out how the role of the amount of deposits and credit mediates the influence of gold prices on return on assets. The results of this research show that individual testing to determine the determinants of savings shows that prices have a positive and significant influence while the determinants of credit, savings have a significant positive influence. Factors forming return on assets, savings and credit, have a significant positive influence on return on assets, while the price of gold has a significant negative influence. In the analysis test, the savings channel variable was able to mediate (parcel mediation) the effect of gold prices on return on assets as well as credit also showed its ability to mediate (parcel mediation) the effect of savings on return on assets. However, if you look at the VAF value, the credit variable has a better level of mediation compared to savings, so that for state-owned banks to increase return on assets it will be easier if they channel savings in the form of credit

Keywords: *Gold Prices; Bank; SEM; ROA; Credit.*

Abstrak.

Kegiatan utama yang dilakukan bank bertujuan untuk meningkatkan pemerataan pertumbuhan ekonomi dan menjaga stabilitas nasional menuju peningkatan kesejahteraan.. Peraturan yang ketat di Industri Perbankan mengharuskan industri perbankan untuk meningkatkan kinerjanya, termasuk dalam aspek pencapaian keuntungan. Pencapaian keuntungan ini dapat ditingkatkan dengan menganalisis bagaimana faktor-faktor yang membentuk profitabilitas. Tujuan penelitian adalah untuk mengetahui bagaimana peran jumlah deposito dan kredit memediasi pengaruh harga emas terhadap return on aset. Hasil penelitian ini menunjukkan bahwa pengujian individual untuk mengetahui determinan simpanan menunjukkan bahwa harga mempunyai pengaruh positif dan signifikan sedangkan determinan kredit, simpanan mempunyai pengaruh positif signifikan. Faktor pembentuk return on aset simpanan dan kredit mempunyai pengaruh positif signifikan terhadap return on assets sedangkan harga emas mempunyai pengaruh negatif signifikan. Dalam uji analisis, variabel jalur simpanan mampu memediasi (parcel mediation) pengaruh harga emas terhadap return on aset begitu pula dengan kredit juga menunjukkan kemampuannya dalam memediasi (parcel mediation) pengaruh simpanan terhadap return on aset. Namun jika dilihat dari nilai VAF, variabel kredit mempunyai tingkat mediasi yang lebih baik dibandingkan dengan simpanan, sehingga bagi bank persero untuk meningkatkan return on aset akan lebih mudah jika menyalurkan simpanan dalam bentuk kredit.

Kata Kunci: *Harga Emas; Bank; SEM; ROA; Kredit.*

PENDAHULUAN

The banking industry is one of the financial sub-sectors that has a strategic role in economic activities, this is related to the role of banks as financial intermediary institutions, namely collecting and distributing public funds. The activities carried out by the bank aim to increase the equitable distribution of economic growth and maintain national stability towards improving the welfare of the people so that the existence of the banking industry during the Covid-19 pandemic as a financial intermediary institution is important.

During the end of 2021, banking performance continued to improve in line with the decline in Covid-19 cases. Based on data from the OJK in 2021, the profit generated by commercial banks has increased significantly when compared to the 2020 period. The profit made by commercial banks in 2020 amounted to 104,718 billion rupiah and increased in 2021 to 119. 206 or an increase of 13.65%. This achievement is still very far when compared to banking conditions before the Covid-19 pandemic, so the banking industry must try harder to improve performance. Efforts to improve banking performance can be carried out through critical analysis of factors that have an impact on banking performance.

One of the indicators of banking performance can be seen from the ability to generate profit or profitability. Profitability describes the ability of banks to make a profit through the utilization of all their resources. Profitability has an important role to play in maintaining its long-term survival, because profitability shows good prospects in the future (Hermuningsih 2012). Thus banks are trying their best to increase their profitability to provide continuity.

Zuliansyah (2013) the purpose of a company is to make a profit or profit. The success of a company in making a profit can be measured through its profitability. In the banking industry, profitability is used to measure the ability of banks to create profits, the greater the level of profit, the better the management in managing the company. This study uses Return On Asset (ROA) as a proxy for profitability.

Banking profitability can be influenced by internal and external factors. One of the external factors affecting the profitability of banks is the price of gold. Gold is one of the most popular investment vehicles in Indonesia. Fluctuations in gold prices will have an impact on banks, especially in generating profits/profitability. When the price of gold decreases, people will diversify their investments by looking for other investment alternatives that can provide profits. Banking is one of the sectors that can be used by the public to invest their funds in the deposit products offered. (Rahayu and Sabtiyah 2019) The higher the price of gold will increase ROA, this is because the price of gold is the main factor for assessing mortgage goods for funding.

Studies on the effect of gold prices on bank profitability have been widely studied by several researchers including (Nasir, M. Yazid AR2, and Imannisa 2021), (Alps & Anbar 2011), (Wati and Ayuningtyas 2019), (Putri and Nur'aeni 2021), will empirical studies only examine the direct influence of gold prices on profitability even though if Judging from its operations, the bank will get benefits after performing its functions, namely collecting and distributing funds to create profits. This is what has not been studied by previous empirical studies so that the effect of gold prices on profitability has not shown consistency. To answer the gap in findings, researchers will conduct a more in-depth study through path analysis so that the research results will provide an overview that more clearly the role of mediation variables.

The fund-raising function performed by banks is thought to affect the relationship of gold prices to profitability. Deposits are one of the banking fund collection products and investment alternatives that are quite popular in the community. One of the factors that may affect the relationship is the funding function which is proxied by the number of deposits collected by Bank Persero during the research period.

Deposits are one of the investment alternatives that can be used by the public to obtain income so that when the price of gold decreases the community will increase the value of deposits in banks. Increasing the amount of such deposits will motivate banks to allocate their funds for profit. Research (Andini, Yuesti, and Sudiartana 2019) banking and increasing its profitability When the amount of its

deposits increases. This statement is reinforced by the statement (Febriyanti, Afifudin, and Mawardi 2019) deposits are the main source used by banks to run the core business.

The second mediation variable is related to the lending function which is proxied by the amount of credit disbursed by Bank Persero during the research period. In banking countries in developing countries, the lending function plays an important role for banks, namely the bank's core business to generate profits. Parenrengi and Hendratni (2018) banks as financial intermediary institutions rely on their main income from loans disbursed so that the increase in the amount of loans disbursed must be balanced with good credit management so that banks can obtain optimal profits. Eng (2013) and N. Kungu (2014) the accuracy of bank policies in disbursing credit will have an impact on bank profits.

The strictness of the regulation on banks from regulators and demands from stakeholders requires that the bank can optimize its profitability through critical analysis of the factors that shape profitability and optimize its role as an intermediation institution. The focus of the research is the ability of Bank Persero to improve its financial performance in terms of profitability through the identification and analysis of factors determining profitability". Many studies have investigated internal and external determinants that affect the profitability of banks in different countries, and different time periods. (Al et al. 2018) conducted research on Islamic banks in GCC countries. (Masood and Ashraf 2012) with the scope of research in 25 Islamic Commercial Banks from 12 Middle Eastern countries for the period 2006-2010.

One of the external factors that is suspected to be able to affect the profitability of the banking industry is the price of gold. Gold has been known by the public as one of the investment options that has a lower risk than other investments. Investment in the form of gold is believed to be one of the profitable commodities, because in addition to its price which tends to increase, gold is a liquid form of investment. When the potential return on investing in stocks or bonds is no longer attractive and is considered not worth the risk, then investors will divert their funds into real assets such as precious metals or property that is considered more viable and safe (Utoyo and Riduwan, 2016).

Research (Purnamasari and Sukmana 2017), as well as research (Astuti and Anwar 2019) found that rising gold prices will increase the stock price index, so that the returns obtained will also increase. This is because the demand for gold in Indonesia tends to be high and is one of the countries with the highest demand for gold in Southeast Asia. Gold is often used as jewelry by mining material processing companies, which is why the price of gold tends to have a similar relationship with the share price of the mining sector. In addition, mining sector companies can increase their profits from the sale of gold to people who invest in gold for speculation.

Several studies have examined the effect of gold prices on banking profitability, including Rahayu and Sabtiyah (2019) concluded that gold prices have a positive effect on return on assets. Similarly, the research of Putri and Nur'aeni (2021) confirms the positive and significant influence between gold prices and inflation on banking profits. However, the findings are in line with research conducted by Wati and Ayuningtyas (2019) in a study that found evidence in the short term that gold prices have no effect on profitability. Research by Nasir, Yazid and Imannisa (2021) also shows that there is no influence of gold prices on profitability at Bank Mandiri.

The inconsistency of the results of the study shows that there are other variables that can affect the influence of gold prices on gold prices, but previous researchers were not included in the research model. Current research will develop previous research models using variable mediation to explain the consistency of the effect of gold prices on profitability. The current research model will use deposits and credit as mediating variables. The selection of this mediation variable is based on the role of deposits as a means of investment. When the price of gold decreases, investors will shift investment in deposits in the hope of getting higher profits. With the increase in the number of deposits, the banking industry will be more flexible when allocating funds to increase profits.

Portfolio theory reveals that investors can set up investment configurations on multiple sources of income to maximize profits and minimize risk. Return is one of the investment returns expected by investors. The return can be in the form of a realization return that has occurred or an expectation

return that has not occurred but is expected to occur in the future. While risk consists of systematic and unsystematic risks. These two risks are often referred to as total risk (Jogiyanto, 2000). Losses can be reduced by investing in different types of stocks by forming a portfolio.

The macroeconomic environment can affect the condition and performance of a company so that it affects the stock price. Macroeconomic changes that occur in exchange rates, gold prices, inflation, and interest rates (Shanken and Weinstein 2006) and (Pilinkus 2010) affect the company's performance so they have implications for returns. With poor economic conditions, it is likely that the return on outstanding shares will reflect a comparable decline. On the contrary, if the economy is good, it will reflect a good stock price, which will have a positive impact on stock returns.

Gold plays an important role in the economy and investment policy. Gold is proven to have a function of protecting against inflation (Frankel, 2014). Gold can also be used for diversification purposes (Mansor 2011). In accordance with Modern Postulate Theory by Harry Markowitz, investors can enjoy the benefits of diversification if they increase the number of investment assets they have in their portfolio (Hlupo 2017). This theory provides an empirical basis for understanding investor behavior regarding the price of gold (Mangram 2013) Proper diversification makes it possible to maximize returns and minimize risk.

Gold also serves as a shelter in times of economic crisis. Investors prefer gold as a safe haven to store equities in difficult times (Capie, Mills, and Wood 2005) Rising gold prices provide greater profit opportunities with less risk, thus reducing interest in holding stocks that stock prices are declining.

LITERATURE REVIEW

Many studies have investigated internal and external determinants that affect the profitability of banks in different countries, and different time periods. (Al et al. 2018) conducted research on Islamic banks in GCC countries. (Masood and Ashraf 2012) with the scope of research in 25 Islamic Commercial Banks from 12 Middle Eastern countries for the period 2006-2010. One of the external factors that is suspected to be able to affect the profitability of the banking industry is the price of gold. Gold has been known by the public as one of the investment options that has a lower risk than other investments. Investment in the form of gold is believed to be one of the profitable commodities, because in addition to its price which tends to increase, gold is a liquid form of investment. When the potential return on investing in stocks or bonds is no longer attractive and is considered not worth the risk, then investors will divert their funds into real assets such as precious metals or property that is considered more viable and safe (Utoyo and Riduwan, 2016).

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deposits as a means of investment. When the price of gold decreases, investors will shift investment in deposits in the hope of getting higher profits. With the increase in the number of deposits, the banking industry will be more flexible when allocating funds to increase profits.

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Profitability Measurement

The indicator used to predict the prospects of a company is by paying attention to the profit growth rate. Indicators used to assess the level of profitability include Return On Assets (ROA). ROA measures a company's ability to generate profits using the total assets (wealth) owned by the company after adjusting for the costs of funding these assets (Hanafi et al, 2009).

METODE PENELITIAN

This research is a comparative causal research, which is a research method that aims to determine the influence of independent variables on dependent variables. The population in this study is a persero bank in Indonesia with a research period of 2015 to 2020. Sampling using the non probability sampling method, namely saturated sampling where all members of the population are considered as samples, this is done because the number of the study population is small.

Operational Definition of variables

The variables used in the study consisted of dependent variables (ROA), mediation variables (deposits, credit) and independent variables (gold prices). The operational definition of variables used in the study is explained in the following table:

Table 11
Operational Definition of Variables

VARIABLE	Definition	Formula	Unit
Dependent variables			
ROA	Percentage of net profit generated by banks on asset utilization	$\frac{\text{laba bersih}}{\text{total aset}} \times 100 \%$	Percent
Mediation variables			
Deposits	Percentage of net profit generated by banks on asset utilization	Ln deposits	Percent
LN Credit	The amount of credit disbursed by the bank	Ln Credit	percent

Independent Variable			
Gold price	Gold price	Ln Gold price	percent

Data analysis techniques

This study used a data analysis method with a Structural Equation Model (SEM) approach using *Partial Least Square* (PLS) software, namely Warp software version 7.0. PLS is a variant-based structural equation analysis that can simultaneously test measurement models as well as test structural models. PLS can be used to explain the presence or absence of relationships between latent variables as well as analyze constructs formed with reflexive and formative indicators with a sample size of not too large. PLS ber purposeassists researchers in conducting prediction predictions. In the analysis using PLS, there are several things that are done, namely:

Hypothesis Testing

A measure of the significance of the hypothesis can be used to compare the values of t-table and t- statistics. The hypothesis is supported or accepted if the t-statistics > t-table. For hypothesis testing using statistical values with alpha 5% or the t-table value used is 1.96.

Iner Model Assessment

Inner models are used for causality testing (testing hypotheses with prediction models) as well as describing latent intervariable relationships based on substantive theory. Structural models were evaluated using R-square for dependent constructs, Stone- Geisser Q-square test for predictive relevance, and t-test and significance of structural path parameter coefficients. Assessing a model with PLS starts by looking at the R-square for each dependent latent variable. Changes in R-square values can be used to assess the influence of certain independent latent variables on whether they have a substantive influence.

Q-square measures how well the observation value is generated by the model and also the estimation of its parameters. A Q-square value > 0 indicates the model has predictive relevance, conversely if the Q-square value ≤ 0 indicates the model lacks predictive relevance (Chin in Ghazali, 2013). The Q-square magnitude has a value with a range of $0 < \text{Q-square} < 1$, where the closer to 1 means the better the model. The amount of Q-square is equivalent to the coefficient of total determination in *path analysis*.

The first step in the mediation testing procedure is that the direct influence of independent variables on dependent variables must be significant. Secondly, the indirect influence must be significant, each path i.e. the independent variable against the mediation variable and the mediation variable against the dependent variable must be significant to satisfy this condition. This indirect influence is obtained by the formula of the influence of independent variables on the mediation variables multiplied by the influence of the mediation variables on the dependent variables (Sholihin, 2014). If the indirect influence is significant, then this indicates that the mediating variable is able to absorb or reduce the direct influence on the first test. Third, calculate the VAF with the following formula:

$$\text{VAF : } \frac{\text{pengaruh langsung}}{\text{pengaruh langsung} + \text{pengaruh tidak langsung}}$$

If the VAF value is above 80%, then it is referred to as full mediation, categorized as partial mediator if the VAF value ranges from 20% to 80%, but if the VAF value is less than 20% it can be concluded that there is almost no mediation effect.

Evaluate the inner model

It is an index and measure of the goodness of relationships between latent variables. Evaluation of the inner Model on WarpPLS using the *Fit and Quality Indices Model* as shown in Table 4. 2. The criteria used are rule of thumb, so they should not apply rigidly and absolutely. If there are one or two indicators of *Model Fit and Quality Indices* that are met the model can still be used

Table 4 Inner model evaluation criteria

Kriteria	Result	P-values	Rule of thumb	Information
Adjusted R ²	0.657	< 0.001	≥ 0.70 (strong), ≥ 0.45 (moderate), ≤ 0.25 (weak)	Moderate
Average Path Coefficient (APC)	0.345	< 0.001	P < 0.05	Accepted
Average R-Square (ARS)	0.458	0.001	P < 0.05	Accepted
Average Adjusted R-Square (AARS)	0.443	<0.001	P < 0.05	Accepted
Average Block VIF (AVIF)	1.060	-	≤ 3.3, but the value of ≤ 5, is still acceptable	Accepted
Average Full Collinearity VIF (AFVIF)	2.391	-	≤ 3.3, but the value of ≤ 5, is still acceptable	Accepted
Tenenhaus GoF (GoF)	0.677	-	≥ 0.10 (small), ≥0.25 (medium), ≥ 0.36 (large)	Big
Statistical Suppression Ratio (SSR)	1.000	-	≥ 0.7	Accepted
R-Squared Contibution Ratio (RSCR)	1.000,	-	≥0.9, Ideal =1 is still acceptable	Accepted
q2 Predictive Relevance	0.694	-	Q2 > 0 (has predictive relevance), Q2 < 0 (does not -have predictive relevance)	Accepted

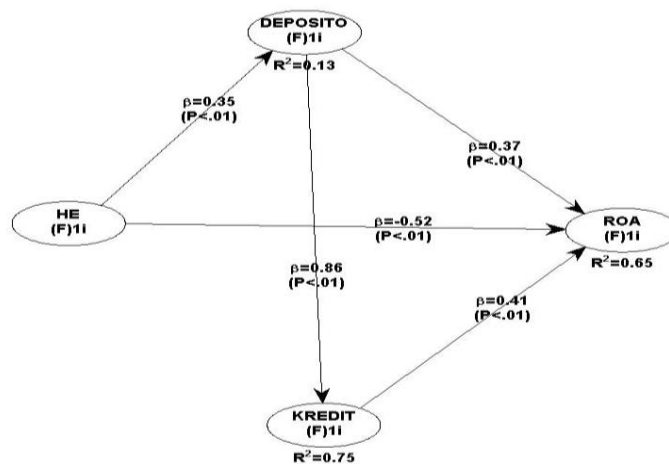
Source : (Nitzl and Cepeda-carrion 2017)

HASIL DAN PEMBAHASAN

Evaluate the inner model

The first step in path analysis is to evaluate the inner model. From the path analysis test conducted through warp pls 7.0, it is known that the coefficient value of each variable as described in the following figure

Draw 1
Path Analysis Test Output



Source : Warp pls 7.0, 2023

The initial stage in path analysis is to evaluate the inner model. Inner model evaluation testing was carried out by looking at the values of Adjusted R squared, Goodness of Fit Model,

q2 predictive, effect size, and Full Collinearity VIF as well as the significance value of the path coefficient

Table 2
Comparison of research results with *the rule of thumb*

Kriteria	Result	P-values	Rule of thumb	Information
Adjusted R2	0,745	< 0.001	≥ 0.70 (strong), ≥ 0.45 (moderate), ≤ 0.25 (weak)	Moderate
Average Path Coefficient (APC)	0,503	< 0.001	$P < 0.05$	Accepted
Average R-Square (ARS)	0.509	<0.001	$P < 0.05$	Accepted
Average Adjusted R-Square (AARS)	0.502	<0.001	$P < 0.05$	Accepted
Average Block VIF (AVIF)	4,780	-	≤ 3.3 , but the value of ≤ 5 , is still acceptable	Accepted
Average Full Collinearity VIF (AFVIF)	2,640	-	≤ 3.3 , but the value of ≤ 5 , is still acceptable	Accepted
Tenenhaus GoF (GoF)	0,713	-	≥ 0.10 (small), ≥ 0.25 (medium), ≥ 0.36 (large)	Big
Statistical Suppression Ratio (SSR)	0,800	-	≥ 0.7	Accepted
R-Squared Contribution Ratio (RSCR)	1.000	-	≥ 0.9 , Ideal =1 is still acceptable	Accepted
Nonlinear bivariate causality direction ratio (NLBCD)	1.000	-	Accepted if ≥ 0.7	Accepted
q2 Predictive Relevance	0.747	-	$Q2 > 0$ (has predictive relevance), $Q2 < 0$ (does not have predictive relevance)	Accepted

Source : Warp pls 7.0, 2023 (data processed)

Based on the table of criteria inner model known R-Squared (R²) is used to show how large the percentage of variants of the construct is endogenous and can be explained by predictor variables in the model. The value is 74.5% % and belongs to the moderate category, while the remaining 25.5% is influenced by other variables.

APC has an index of 0.503 with a p value of < 0.001. This means that endogenous and exogenous variables have a causal relationship either directly or indirectly. ARS has an index of 0.509 with a p value of <0.001. ARS is used to measure the accuracy of the model's path ability to describe the influence between a single independent variable with a predictive value (dependent variable).

This study did not occur multicollinearity because the AVIF value that should have been ≤ 3.3 has been met because based on these data the AVIF value is 4,780. Thus the inner model is acceptable. Full collinearity VIFs are used to test the presence or absence of vertical and lateral collinearity problems. Based on the results of the analysis, it is known that the AFVIF value is 2,640 and less than ≤ 3.3 . This value indicates that the model is free from the problem of vertical, lateral and common method bias.

The Q-squared (Q²) value is used to assess the predictive validity or relevance of a set of exogenous latent variables and endogenous variables. The output of the Q-squared (q²) Predictive Relevance value is used to assess the predictive validity or relevance of a set of endogenous latent variables. The q² output of this research model shows that q² is greater than zero, namely 0.747 so it can be concluded that the research model shows good predictive validity.

Table 31

Path Coefficient Output Results and significance values

Path cofisient			Conclusion
Relationships between variables	Coefficient	p-value	
HE ROA➔	-0,52	< 0.01	Accepted
HE DEPOSITS➔	0.35	< 0.01	Accepted
ROA DEPOSITS➔	0.37	< 0.01	Accepted
CREDIT DEPOSITS➔	0,86	< 0.01	Accepted
ROA CREDITS➔	0.41	< 0.01	Accepted

Significance (two-tailed) P value = 0.05

Source : Research data processed with WarpPls 7.0, 2023

THE EFFECT OF GOLD PRICES ON ROA

The results of the path analysis test show that gold price fluctuations have a coefficient of -0.52, this result shows that the price of gold has a significant effect on performance. The relationship between gold price and performance shows a negative relationship, which means that the higher the price of gold, the lower the company's performance in making a profit. Vice versa, the lower the price of gold, the higher the performance of stocks. It is understood that when the price of gold tends to fall, the investor keeps his funds in the form of deposits in the hope of greater profits. This is in keeping with portfolio theory that investors seek to maximize profits and minimize risk by placing their capital in multiple sources of income. The results of this study are in accordance with the research of Gaur and Bansal (2010) and Dwiati and Ambarwati (2016).

When the price of gold increases, people will sell the gold they own to make a profit and transfer it to liquid assets for a while. High public expectations of profits will increase the number of deposits of third-party funds in banks, this provides opportunities for banks to get large profits, but when the increase is not offset by hedging efforts. When the economy is declining, it is certain that these conditions will have an impact on reducing bank profits (Winarto 2019). Hutapea, Margareth, and Taringan (2014), Bora and Basistha (2021), Widjanarko and Santosa Utomo (2020), Wati and Ayuningtyas (2019) an increase in gold prices can lead to a decrease in the profitability of Islamic pawnshops.

THE EFFECT OF GOLD PRICES ON DEPOSITS

The results of the track analysis test show that gold price fluctuations have a coefficient of 0.35 this result indicates that increasing gold prices will increase the number of deposits collected by banks. When the price of gold increases, people's profit expectations will also increase so that people will sell their gold and divert it to liquid assets for the time being. Deposits are one of the assets that are liquid but have a high return compared to other third-party fund products. The results of this study are consistent with the study (Philanthropist 2015).

Gold is a very valuable item. People store gold and use it as an investment asset, because storing gold is the same as investing long-term and protecting the assets owned. Gold is a substitution for people with savings in banks, when the price of gold falls, many people buy gold and sell when the price becomes higher, this is an alternative for people to save their money in liquid goods

EFFECT OF DEPOSITS ON ROA

The results of the line analysis test show that deposits have a coefficient of 0.37 this result indicates that increasing deposits will lead to an increase in Bank Persero's ROA. Deposits are cheap funds that come from the public, deposits have a longer deposit rate than savings and current accounts, the more deposits collected by foreign exchange banks, the bank will be free to allocate its funds, especially in the form of earning assets. The increasing number of deposits collected by banks supported by good fund allocation management will increase the profits obtained by banks. The results of this study are strengthened by the research of Pradana, Diana, and Rofiq (2022), Fitri and Sisdianto (2020)

THE EFFECT OF DEPOSITS ON CREDIT

The results of the line analysis test showed that deposits had a significant positive influence on credit by 0.86. This result indicates that any increase in the number of deposits will increase the ability of Bank Persero to disburse funds in the form of credit. Deposits are public funds that have a longer deposit rate than other third-party fund products so that the larger the deposits collected by the bank, the bank will be free to allocate the funds it has, especially in the form of earning assets to increase bank profits. Credit is a form of allocation of funds to increase its profits and until now banks in Indonesia still rely on their income from credit. the results of this study are consistent with the research (Misral and Mardhatillah 2019) and (Siswanto and Rinofah 2020)

THE EFFECT OF CREDIT ON ROA

The results of the line analysis test showed that credit had a significant positive impact on ROA with a coefficient value of 0.41. These results show that the increase in loans disbursed supported by good credit management will minimize the emergence of default / credit risk so that the potential for persero banks to obtain profits is even greater. Research (Parenrengi and Hendratni 2018) banks as financial intermediary institutions rely on their main income from loans disbursed so that the increase in the amount of credit disbursed must be balanced with good credit management so that banks can obtain optimal profits. The same thing is also emphasized by (Eng 2013) and (N. Kungu 2014) the bank's policy in disbursing credit will have an impact on the profits received by the bank. Likewise, research (Muturi 2015) efficient credit policy can guarantee banks to fulfill financial

obligations in favorable or unfavorable economic conditions so that it will have an impact on increasing profitability.

Table 4 Mediation tests²

Mediation	Account	P - Value	VAf	Conclusion
Deposit Mediation				
Gold Price ROA Deposits→→	0.35 x 0.37	0,1295	0,20	Partial mediation
ROA Gold Price→	0,1295+ 0,52	0,6495		
Credit Mediation				
Credit DepositsROA→→	0.86 X 0.41	0,3526	0,49	Partial mediation
ROA deposits→	0,3526+0,37	0,7226		

THE EFFECT OF GOLD PRICES ON ROA THROUGH DEPOSITS

Based on the track analysis test, it shows that deposits mediate gold prices against ROA and include partial mediations indicated by a VAF value of 0.20. The results of this study have an empirical understanding, namely that the increase in the price of gold will have an impact on increasing the amount of public funds in the form of deposits collected so that banks will use the funds they have to seek greater profits. Gold is one of the popular alternative investment assets in the community, by storing gold, the community has made long-term investments and hedging of their assets. Gold can be considered as a substitution for deposits in banks, when the price of gold falls, people buy gold and sell when the price becomes higher, this is an alternative for people to keep their money in liquid goods.

When the price of gold increases, people's expectations of profit will also increase, this will encourage people to diversify their assets on liquid assets for a while. Deposits are one of the liquid assets that have a high return compared to other third-party fund products. Philanthropist (2015) The rising price of gold will have an impact on increasing the number of deposits in banks. When the number of deposits collected by banks increases, banks will make every effort to create profits through the allocation of earning assets in the form of securities, lending to other banks, investment and participation (Pradana, Diana, and Rofiq, 2022). Fitri and Sisdianto (2020) emphasized that the increase in funds owned by banks will make every effort to increase their satisfaction to create optimal profits.

THE EFFECT OF DEPOSITS ON ROA THROUGH CREDIT

In the line analysis test on credit mediation on the effect of deposits on ROA, it was shown that credit was a partial mediator with a VAF value of 0.49. This empirical study indicates that when the number of deposits collected by Bank Persero increases, the bank's flexibility to allocate funds to earn assets will be greater, especially in the form of credit. The increase in loans disbursed, as well as the support of good credit management will minimize the risk of default / credit risk so that banks will get large profits considering that banks in Indonesia currently still rely on their source of income from credit, the greater the credit channeled, the greater the profit that will be obtained by banks.

Deposits are public funds that have a longer deposit rate so that banks will be more free to allocate funds to earning assets such as credit. As is known until now, banks in Indonesia still rely on their main income from credit (Misral and Mardhatillah, 2019). Siswanto and Rinofah (2020) the greater the number of deposits collected by banks, the greater the amount of credit that can be disbursed by banks. With the increase in the number of loans disbursed by banks, the potential profit obtained by banks will be greater so that the bank's performance in terms of profitability will be better as well. Parenrengi and Hendratni (2018) banks as financial intermediary institutions rely on their main income from loans disbursed so that the increase in the amount of loans disbursed must be balanced with good credit management so that banks can obtain optimal profits.

Research by Eng (2013) and N. Kungu (2014) bank policies in disbursing credit will have an impact on increasing profits received by banks. Likewise, research (Muturi 2015) efficient credit policy can guarantee banks to fulfill financial obligations in favorable or unfavorable economic conditions so that it will have an impact on increasing profitability

KESIMPULAN DAN SARAN

The results showed that the increase in gold prices would have an impact on increasing the number of deposits collected by persero banks, but in other conditions the increase in gold prices had an impact on reducing the profitability of persero banks. This condition can be caused by other variables (inflation, exchange rates) which cause the assets of persero banks to decrease in value, considering that the object used in this study is foreign exchange banks so that it is very vulnerable to persero bank assets experiencing a decrease in value if hedging is not carried out.

From the mediation test, it was found that evidence of deposits was able to mediate the effect of gold prices on return on assets (ROA) so that banks could take advantage of rising gold prices to collect larger deposits to increase their profitability. Whereas in the mediation test of the effect of deposits on return on assets (ROA) it is proven that credit is able to mediate the effect of deposits on return on assets, this once again provides empirical evidence that banks can increase their profits by utilizing deposits to increase the amount of credit disbursed.

This research has limitations, namely the limited variables used in the research model causing the consistency of the influence of gold prices on return on assets and the influence of gold prices on return on assets through deposit mediation has not been able to be explained by researchers. Considering that researchers use foreign exchange banks as research objects so that their operations are highly dependent on economic variables such as inflation, exchange rates and current world economic conditions.

Based on the results of the study and the limitations of this study, the researcher suggested that the next researcher should conduct further studies in more depth by paying attention to the characteristics of the research object and other external variables that have an impact on the performance of the bank in creating profits and combining research models such as economic variables (inflation, exchange rates) on political issues as variables of moderation.

In addition, the researcher also suggested for banks to increase the number of deposits collected and the amount of credit disbursed through good credit management to increase profits.

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