

The Influence of Solvency Ratio Decision on Rural Bank Dinar Pusaka In The District Sidoarjo

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ABSTRACT: *The solvency ratio is a ratio that can be used to influence lending decisions on the BPR. This research purpose to test and find empirical evidence whether the Debt to Assets Ratio, Times Interest Earned Ratio, and Long-term Debt to Equity Ratio influence on lending decisions. The population useful for customers apply for credit to the BPR Dinar Pusaka in the district Sidoarjo. The sample in this research were selected using purposive sampling method until elected only 30 customers during the three periods, namely the year 2013 to 2015. Data analysis technique used is the logistic regression analysis. The research results show that Times Interest Earned Ratio variable does not affect the lending decisions. Meanwhile, the variable Debt to Assets Ratio and Long-term Debt to Equity Ratio influence on lending decisions.*

Keywords: *Debt to Assets Ratio, Times Interest Earned Ratio, Long-term Debt to Equity Ratio, and Decision Lending.*

I. INTRODUCTION

In the calculation of the solvency ratio, the bank can use the Debt to Assets Ratio, Times Interest Earned Ratio, and Long-term Debt to Equity Ratio. The results of the ratio will reflect the value of a company's solvency ratio and will be one of the factors considered in the decision granting bank credit. Rural Bank Dinar Pusaka, as one of the banks that provide credit to the community should stick to the principle of prudence (prudential banking). By analyzing financial reports to the debtor in order to avoid problems which will be detrimental to the bank itself to the investment in the form of working capital loans granted.

Ratio analysis is one way in analyzing financial statements. Ratio analysis is done by comparing the financial statements between relevant heading in a certain period so that the value obtained in the form of a percentage of which will help the bank to analyze and interpretation the financial position of the company as well as can be to measure the company's performance by comparing the ratios in the previous period. According Harahap (2004: 218), ratio analysis of financial statements is the comparison between certain posts with another post that has a significant relationship. Munawir (2004: 64) states, is the analysis of the ratio is the ratio that describes a relationship or mathematical balance (mathematical relationship) between a certain amount with the number of others who will explain about the good or bad things are or the financial position of a company.

The problems in this research is whether the solvency ratio is mirrored by Debt to Asset Ratio, Times Interest Earned ratio, Long-term Debt to Equity Ratio influence on the decision-making of loan granting rural bank Dinar Pusaka in district Sidoarjo?

Eka Yulia Efanti (2008) in his research claimed that the effect of the ratio financial statements of customer can be used as a basis for consideration of credit decision making. Of the 11 variables, just only one most significant variable, the variable NWC. Meanwhile, other variables (CR, QR, DER, GPM, NPM, ROA, DOR, DOI, DOP, and ICR) that is not significant variables. Anandita Arief (2010) also states that the accounting information in the form of financial statements and intuition positive and significant impact on decision making loans. On the other hand Randy Q. Jacob P., et al (2014) states that the calculation and ratio analysis include the liquidity ratio, solvency ratio, activity ratio, and profitability ratio on a prospective debtor has a good performance company. Rosita Ayu Saraswati (2012) also stated that, Market Bank always ask for and check financial statements of candidates debtor which contain information on the average revenue earned each month and compared with the average spending each month.

Risca Fitria Arafanti (2006) in his research suggests the banks perform ratio analysis of the financial statements of prospective debtor used as a consideration in making lending decisions. While Humam Kurdiya Gunadi (2015) states that the variables that can be used to analyze the financial difficulties of the debtor is the Net Profit Margin, Debt Ratio, Average Days in Inventory, and Days Sales Outstanding. It also stated that the variable Averages Days in Inventory is the dominant variable in analyzing the debtor's financial difficulties.

Virgiasri Puspitasari (2012) also states that there are four ratios that can be used to predict whether the company will have bad credit or not, among others by using Current Assets to Current Liabilities, Sales to Total Assets, Net Income to Sales and Retained Earnings to Total Assets ,

Besides, YUSTINA Rachmawati (2011) states that: (1) Financial ratios Debt to Assets Ratio and Permanent Fixed Capital to Assets Ratio positive significant effect on the prediction of financial difficulties. (2) Financial ratio Acid Test Ratio and Total Assets Turnover significant negative effect on corporate disclosure. Meanwhile, Return on Assets positive significant effect on the disclosure of corporate information. (3) Disclosure negative effect on the probability of financial distress prediction.

II. RESEARCH HYPOTHESIS

Debt to Assets Ratio influence on lending decisions

One solvency ratio used to measure the ability of the company is the Debt to Assets Ratio. Debt to Assets Ratio Score can affect of the value company's solvency ratio and will influence the lending decisions. Based on the description, the hypothesis being developed are:

H1: Debt to Assets Ratio positive influence on lending decisions.

Times Interest Earned Ratio influence on lending decisions

Among the solvency ratio is used to measure the ability of the company is the Times Interest Earned Ratio. Times Interest Earned Ratio measures the ability of companies to pay a fixed load of interest by using the Earnings Before Interest and Taxes (EBIT). The size of the Times Interest Earned Ratio will affect to value of solvency ratio and will influence the lending decisions. Based on the description, the hypothesis being developed are:

H2: Times Interest Earned Ratio positive influence on lending decisions.

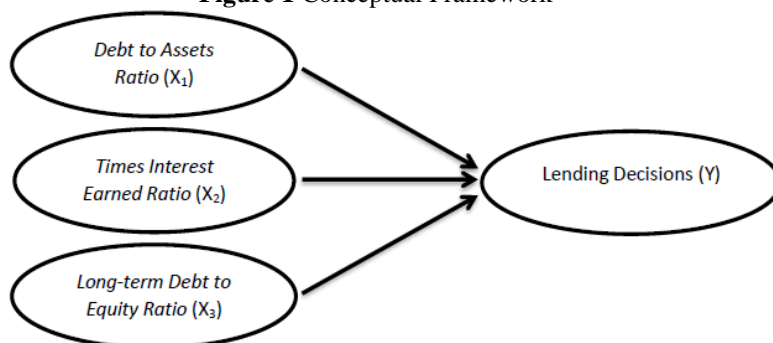
Effect of Long-term Debt to Equity Ratio of lending decisions

The solvency ratio is used to measure the ability of companies in this research is Long-term Debt to Equity Ratio. Long-term Debt to Equity Ratio measures the size of the use of long-term debt compared to the company's own capital. Results of Long-term Debt to Equity Ratio will affect the value of the company's solvency ratio and will influence the lending decisions. Based on the description, the hypothesis being developed are:

H3: Long-term Debt to Equity Ratio positive influence on lending decisions.

Conceptual framework in this research shows the effects of three independent variables, are Debt to Assets Ratio, Times Interest Earned Ratio, And Long-term Debt to Equity Ratio, the one dependent variable, namely lending decisions. The conceptual framework of this research can be described below.

Figure 1 Conceptual Framework



III. RESEARCH METHODS

This research was conducted using a quantitative approach because this research requires a systematic calculation of the influence of variables that focuses on proving the hypothesis by using statistical tools to perform the test.

Identification Variables

In this research, there are four variables that are grouped:

1. The dependent variable (dependent variable), that is lending decisions are denoted as a variable Y.
2. The independent variable (independent variable) that is :
 - a. Debt to Assets Ratio, denoted as a variable X1.

This ratio measures the proportion of funds from debt to finance the company's assets.

- b. Times Interest Earned Ratio, denoted as X2.
This ratio measures the company's ability to pay a fixed load of interest by using the Earnings Before Interest and Taxes (EBIT).
- c. Long-term Debt to Equity Ratio, denoted as the X3.
This ratio measures the size of the use of long-term debt compared to the company's own capital.

Definition of Operational Variable

To facilitate understanding of the variables of research that have been identified above, it should be given definition operational of variable as follows:

- a. Lending decisions (Y)
Lending decisions is a decision regarding the approval or denial of credit by the bank, in this case associated with quantitative analysis of factors that the financial statements.
- b. Debt to Assets Ratio (X1)
Debt to Assets Ratio measures the proportion of funds from debt to finance the company's assets. Measurements expressed in percentages included in this type of ratio scale.
- c. Times Interest Earned Ratio (X2)
Times Interest Earned Ratio measures the ability of companies to pay a fixed load of interest by using the Earnings Before Interest and Taxes (EBIT). Measurements expressed in time (the number of times the company pays interest) included in this type of ratio scale.
- d. Long-term Debt to Equity Ratio (X3)
This ratio measures the size of the use of long-term debt compared to the company's own capital. Measurements expressed in percentages included in this type of ratio scale.

Population and Sample Research

The population in this research is a customer applying for a loan to the Rural Bank Dinar Pusaka in the district Sidoarjo. The sample in this research were selected using purposive sampling method. Sampling was conducted using the following criteria:

1. Credit applicant is applying for a loan with a credit score of Rp 100-500 million, both of which credit is accepted or rejected by the Rural Bank.
2. The research period used was the financial statements for 2013-2015.

Financial statement data in 2015 is used as the prediction or the determination, based on the financial reports submitted, whether the credit application is accepted or rejected. Financial reporting data in 2013 and 2014 is data to be processed. Each of these financial statements in 2013 and 2014, the client's identity concealed by BPR Dinar Pusaka in the district Sidoarjo.

Analysis technique

Methods of data analysis using descriptive statistics and hypothesis testing using logistic regression (logistic regression) because the dependent variable in this research included in the dummy or dichotomous variables declared in a category that is 1 or 0. The calculation and testing by logistic regression analysis using SPSS program (Statistics Program for Social Science) version 20.0 for windows. All data were processed in SPSS tabulation done by using Microsoft Office Excel 2010. To test the hypothesis used logistic regression model as follows:

$$Y = \alpha + (b1.X1) + (b2.X2) + (b3.X3) + \varepsilon$$

Information:

Y	= lending decisions
α	= constant
b1, b2, b3	= regression coefficient
X1	= Debt to Assets Ratio
X2	= Times Interest Earned Ratio
X3	= Long-term Debt to Equity Ratio
ε	= error term

Hypothesis testing

According Ghozali (2013: 340), the steps that need to be done in performing logistic regression analysis were:

1. Conduct Feasibility Test Regression Model (Goodness of Fit Test)

To determine the appropriateness of logit regression model, it can be seen on SPSS output from Hosmer and Lameshow is measured with the value of Chi-square. Hosmer and Lameshow's Goodness of Fit Test is used to test the null hypothesis that the empirical data in accordance with the model, meaning that there is no different

between the models with the data so that the model can be said to be fit. Hypotheses to assess Goodness of Fit Test:

H0: Fit Model (model capable of explaining the data)

H1: Not Fit Model (model not able to explain data)

2. Compliance Test Model (Overall Model Fit Test)

This test is used to assess whether the hypothesized model that describes the input data. According Ghozali (2013: 340), -2LogL statistics used to determine if the independent variable on added to the model what according significantly will improve the model. Testing is doing by comparing between the -2LogL at the beginning (block number = 0) with -2LogL value at the end (block number = 1). If there is a decrease in the value between -2LogL with -2LogL end (of the block number 0 to the block number 1) means regression model showed good as hypothesized model suitable (fit) with data.

3. Test Coefficient of Determination / R²

This test was conducted to determine how much of the variability of the dependent variable that can be explained by the variability of the independent variables. Coefficient determination test on logistic regression was performed using Negelkerke's R square. Negelkerke's R-square is a modification from cox coefficients and the snell for measure that the value varies from 0 to 1.

4. Classification Table

According Ghozali (2013: 342), the classification table is used to determine the percentage of the classification of the estimated value of the true (correct) and wrong (incorrect), both in terms of observations and predictions, namely credit decisions accepted (1) and credit decision denied (0). In line shows the actual observed values of the dependent variable credit decisions accepted (1) and credit decision denied (0).

5. Parameter Estimation and Interpretation Results of Data

This test will show the shape of the influence of independent variables that significantly influence the dependent variable. Testing the hypothesis can be analyzed with a significance level (α) of 10% or 0.1. Acceptance or rejection of the hypothesis is based on the significance p value (probability value). If the p value $> \alpha$ then the hypothesis is rejected, whereas if the p value $< \alpha$ then the hypothesis is accepted.

IV. RESULTS AND DISCUSSION

Along with the economic crisis and monetary in Indonesia, management rural bank Dinar Pusaka in the district Sidoarjo able to take advantage of the challenges of the crisis became opportunity that even more increases in business volume rural bank Dinar Pusaka. This can be seen from the development effort can be achieved rural bank Dinar Pusaka as in the following table.

Table 1: Business Development Rural Bank Dinar Pusaka (Thousand Rupiah)

Description	2013	2014	2015
Assets	26.628.288	27.839.481	24.408.384
Loans	17.552.070	18.780.854	20.140.971
Funds	17.124.599	16.746.268	10.879.129
Profit	1.215.870	1.737.299	2.163.394

Source: Rural Bank Dinar Pusaka

Rural Bank Dinar Pusaka function in collecting the total assets in thousand rupiah began in 2013 amounted to Rp 26,628,288 for 2015 decreased total assets of USD 24,408,384 with a decrease of 8.34%. For loans in thousands of rupiah in 2013 amounted to Rp 17,552,070 for 2015 increased by Rp 20,140,971 with an increase of 14.75%. For third-party funds in thousands of rupiah in 2013 amounted to Rp 17,124,599 for 2015 decreased by Rp 10,879,129 with a decrease of 36.47% and for the current year profit in thousands of rupiah in 2013 amounted to USD 1.21587 million to the year 2015 increased by Rp 2,163,394 with an increase of 77.93%.

Description Results Descriptive Statistics

The statistical results of data variables used in this research can be explained below.

Table 2: Data Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
DAR	90	0,0413	2,9919	0,471410	0,4112914
TIER	90	0,0127	3,4283	0,648352	0,7553956
LDER	90	0,1042	3,2411	0,926578	0,7214279
Decisions	90	0	1	0,33	0,474
Valid N (listwise)	90				

Source: Processed Data SPSS, 2016

1. Debt to Assets Ratio

These results indicate that a large Debt to Assets Ratio became sample this research ranged from 0.0413 to 2.9919 with an average (mean) 0.471410 on the standard deviation of 0.4112914. The average value greater than the standard deviation is $0.471410 > 0.4112914$, meaning that the distribution of Debt to Assets Ratio value either.

2. Times Interest Earned Ratio

This results show that Times Interest Earned Ratio large a sample of the study ranged from 0.0127 to 3.4283 with an average (mean) 0.648352 on the standard deviation of 0.7553956. The average value is smaller than the standard deviation is $0.648352 < 0.7553956$, meaning that the distribution of the value of the Times Interest Earned Ratio is not good.

3. Long-term Debt to Equity Ratio

These results indicate that a large Long-term Debt to Equity Ratio is a sample of the study ranged from 0.1042 to 3.2411 with an average (mean) 0.926578 on the standard deviation of 0.7214279. The average value greater than the standard deviation is $0.926578 > 0.7214279$, meaning that the distribution of the value of Long-term Debt to Equity Ratio is good.

4. Decision (Credit Decision)

From the statistics table above can be seen that the minimum value of the decision or credit decisions of 0 and a maximum value of 1. The average (mean) of 0.33 on a standard deviation of 0.474.

Interpretation of Statistic Results

This research used logistic regression to three independent variables. In this study, the independent variable is the Debt to Assets Ratio, Times Interest Earned Ratio, and Long-term Debt to Equity Ratio, and the dependent variable is the lending decisions. Testing and regression analysis in this study using SPSS (Statistics Program for Social Science) version 20.0 for Windows.

Eligibility Test Regression Model

This test can be seen on SPSS output of Hosmer and Lemeshow's Test. The regression model is feasible if the significant value generated is greater than the error level used in this research (0.1 or 10%) or the Chi-square value generated is smaller than the value of Chi-square table.

Table 3: Value Hosmer and Lemeshow's Test

Model Fit	Chi-square	df	Sig.
	1,277	8	0,996

Source: Processed Data SPSS, 2016

From the above table, it can be seen that the significance value of 0.996 or 99.6% greater than the specified error level in this research is 0.1 or 10%. Meanwhile, Chi-square value generated by 1.277 smaller than the value of Chi-square table at 13.362 (10% significance level and $df = 8$). It shows that H_0 accepted, meaning that there is no different between the models with data or models have been fit to the data so that the regression model is feasible and can be used for further analysis.

Compliance Test Model (Overall Model Fit)

Testing of overall model fit can be seen in the SPSS output value $-2\log$ Likelihood. SPSS output will produce two values $-2\log L$, namely $-2\log L$ block number = 0 for the model only including constants or before the independent variables included in the model and $-2\log L$ block number = 1 for models that have included constant and independent variables. To assess whether the model was suitable or fit can be seen from the decline in value that occur from the calculation block number 0 to the block number 1.

Table 4: Overall Model Fit

Block Number	$-2\log$ Likelihood
Block Number = 0	114,573
Block Number = 1	27,049

Source: Processed Data SPSS, 2016

From the above table, it can be seen that the value generated from $-2\log L$ in Block Number = 0 equal to 114.573, while the value generated from $-2\log L$ in Block Number = 1 equal to 27.049. From that calculations showed a decrease $-2\log L$ equal to 87.524. This results showed that the logistic regression model is good because the hypothesized model of compliance or fit with data.

Test Coefficient of Determination / R2

Coefficient determination test is used to determine how much the dependent variable that can be explained by the influence of the independent variables, that is with looking at the value of coefficient determination Nagelkerke R Square.

Table 5: Value Coefficient of Determination Nagelkerke R Square

-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
27,049 ^a	0,622	0,864

Source: Processed Data SPSS, 2016

From the above table, it can be seen that the value Nagelkerke R Square of 0.864 or 86.4%, meaning that the dependent variable was great to be explained by the independent variable of 86.4%. In other words, the diversity of lending decisions made by BPR period 2013 - 2015 can be explained by the Debt to Assets Ratio, Times Interest Earned Ratio, and Long-term Debt to Equity Ratio of 86.4%. Meanwhile, the rest influenced by other variables outside independent variables used in this study amounted to 13.6%.

Classification table

Classification table is used to determine the percentage of correct classification of the estimated value (correct) and wrong (incorrect). The accuracy in classifying the regression model can be seen in the calculation of SPSS output on the Classification Table.

Table 6: Classification table

Observation	Prediction		Total (%)
	Rejected	Accepted	
Rejected	57	3	95,0
Accepted	4	26	86,7
Overall Percentage			92,2

Source: Processed Data SPSS, 2016

From the above table, it can be seen that the decision of the predicted 30 credits earned credit applicants. However, from the observation of the actual credit applicant is only 26, so the prediction accuracy of 86.7%. Whereas, for the loan decision was rejected predicted 60 credit applicants. However, the observation is really only 57 credit applicant, so the prediction accuracy of 95%. So it can be concluded that the level of classification accuracy or timeliness of the logistic regression model to predict at 92.2%.

Parameter Estimation and Interpretation of Data Results

To analyze the regression coefficient can see the value of significance (Sig.) And the Wald test value. Value of significance (Sig.) Compared to the α (0,1 or 10%), while the value of Wald test compared with Chi-square table. To search there are significant or not on hypothesis testing, significance of the reference value. That is said to be independent variables affect the dependent variable if the significance value less than α (0,1 or 10%), and vice versa. Below are the results of logistic regression to test the hypothesis.

Table 7: Logistic Regression Testing Results

	B	S.E.	Wald	df	Sig.	Exp(B)	Conclusion
Constant	8,012	3,282	5,960	1	0,015	3017,046	
DAR	-5,483	2,988	3,366	1	0,067	0,004	Significant
TIER	1,962	1,514	1,680	1	0,195	7,113	Not Significant
LDER	-14,722	5,707	6,654	1	0,010	0,000	Significant

Source: Processed Data SPSS, 2016

From the table above, can be obtained information that can be explained as follows.

1. Debt to Assets Ratio

Value Wald test value produces a figure of 3,366. This figure is greater than the Chi-square table at $df = 1$ is 2.706. Value significance (Sig.) Variable Debt to Assets Ratio is 0.067. This figure is less than the significance level of 0.1. Meaning it can be said that the variable Debt to Assets Ratio influence on lending decisions. Therefore, H1 stating Debt to Assets Ratio influence on lending decisions accepted.

2. Times Interest Earned Ratio

Wald test value produces a figure of 1,680. The figure is smaller than the Chi-square table at $df = 1$ is 2.706. Value significance (Sig.) Variable Times Interest Earned Ratio is 0.195. This figure is greater than the significance level of 0.1. Meaning it can be said that the Times Interest Earned Ratio variable does not affect the lending decisions. Therefore, H2 stating Times Interest Earned Ratio influence on lending decisions rejected.

3. Long-term Debt to Equity Ratio

Wald test value produces a figure of 6.654. This figure is greater than the Chi-square table at $df = 1$ is 2.706. Value significance (Sig.) Variable Long-term Debt to Equity Ratio was 0.10. This figure is equal to the significance level of 0.1. Meaning it can be said that the variable Long-term Debt to Equity Ratio influence on lending decisions. Therefore, H3 stating Long-term Debt to Equity Ratio influence on lending decisions accepted.

Based on the regression equation table 7 as follows:

$$KPK = 8,012 - 5,483 DAR + 1,962 TIER - 14,722 LDER$$

Interpretation of the results of the regression equation formed described below.

1. If the ratio of other independent variables held constant, then the probability of rural bank in making lending decisions were predicted using variable Debt to Assets Ratio of 0.004 times ($e^{-5.483}$). Logistic regression coefficient Debt to Assets Ratio was negative. Meaning the smaller the value Debt to Assets Ratio then the chances of rural bank in making lending decisions increases.
2. If the ratio of other independent variables held constant, then the probability of rural bank in making lending decisions were predicted using variable Times Interest Earned Ratio of 7.113 times ($e^{1.962}$). Logistic regression coefficient Times Interest Earned Ratio is positive. Meaning the greater the value, the Times Interest Earned Ratio rural bank opportunities in making lending decisions increases.
3. If the ratio of other independent variables held constant, then the probability of rural bank in making lending decisions were predicted using variable Long-term Debt to Equity Ratio of 0.000 times ($e^{-14.722}$). Because the odds ratio value of 0.000, then the variable Long-term Debt to Equity Ratio is a factor that is less able to influence lending decisions. Logistic regression coefficient Long-term Debt to Equity Ratio is negative. That is, the smaller the value of Long-term Debt to Equity Ratio then the chances of rural bank in making lending decisions increases.

Hypothesis Discussion

Below is described the research results obtained as follows:

Effect of Debt to Assets Ratio of Lending Decisions

Variable Debt to Assets Ratio has a coefficient of -5.483. The coefficient on this variable negative means that the smaller the Debt to Assets Ratio, the better the chances of BPR in making lending decisions. Value significance (Sig.) Is 0.067. This figure is less than the significance level of 0.1. The regression results obtained in accordance with the proposed hypothesis. In other words, H1 received stating that Debt to Assets Ratio influence on lending decisions.

Influence Times Interest Earned Ratio Lending Decisions

Variable Times Interest Earned Ratio has a coefficient of 1.962. Value significance (Sig.) Is 0.195. This figure is greater than the significance level of 0.1. The regression results obtained are not consistent with the hypothesis put forward. In other words, the H2 was rejected stating that the Times Interest Earned Ratio influence on lending decisions.

Effect of Long-term Debt to Equity Ratio Lending Decisions

Variable Long-term Debt to Equity Ratio has a coefficient value of -14.722. The coefficient on this variable negative means that the smaller the Long-term Debt to Equity Ratio, the better the chances of rural bank in making lending decisions. Value significance (Sig.) Is 0.10. This figure is equal to the significance level of 0.1. The regression results obtained in accordance with the proposed hypothesis. In other words, the H3 is received stating that the Long-term Debt to Equity Ratio influence to lending decisions.

Research implications

Debt to Assets Ratio negatively affect to lending decisions. The larger the company's Debt to Assets Ratio, then the smaller the chance of rural bank in receiving the loan application of the company. This shows the company's solvency ratio is unfavorable in view of rural bank. Because it will result in increased bad debts in rural bank. Conversely, if the Debt to Assets Ratio is getting smaller, then the risk will be smaller companies and the solvency ratio of the company regarded by rural bank, so the chances of receiving the loan application of rural bank in the larger company.

Meanwhile, the Times Interest Earned Ratio no influence on lending decisions. Times Interest Earned Ratio shows how many times the company in repaying the loan with interest to rural bank. However, this ratio does not affect the decision of the rural bank, whether the company credit application is accepted or rejected. Because rural bank will oversee the company amounts to be paid, whether in accordance with the loan amount

along with the interest that has been agreed or not. If it is not paid in accordance with agreed, then there will be bad loans.

Long-term Debt to Equity Ratio negatively affect to lending decisions. The greater this ratio in the company, then the chances of receiving the loan application BPR in the smaller companies. This is because the company's long-term debt is higher than the company's own capital, resulting in a high risk enterprise. This condition will also bring a credit crunch in BPR. Conversely, if the Long-term Debt to Equity Ratio is getting smaller, then the smaller the risk of the company so the chances of receiving the loan application of BPR in the larger company.

The results of this research strengthen the results of a previous study conducted by Eka Yulia Efanti (2008), Randy Q.P. Jacob, et al (2014), H. Sastro Simamora, Rosita Ayu Saraswati (2012), Risca Fitria Arafanti (2006), as well as Debby Eva Nur and Inggriani Elim, that the financial ratio analysis plays an important role in the process of making lending decisions, one of which is solvency ratio. In a research conducted Randy Q. Jacob P., et al (2014), Debt to Assets Ratio decreases, so the debt-funded companies are getting smaller and the value of the ratio is less than the average industry standard, namely 35%. In the study Sastro H. Simamora, Debt to Assets Ratio value decreases, so the risk of the smaller company. In the study Rosita Ayu Saraswati (2012), analysis of financial statements conducted by the loan officer who is able to field, can generate valid data and can be used as the basis for approval of lending by banks. In the study Risca Fitria Arafanti (2006), the analysis of the ratio of the financial statements of the prospective borrowers used as a primary consideration in making lending decisions. One ratio used in the study was the Debt to Assets Ratio. This ratio is decreasing every year, meaning that the company's debts and declining assets used to secure the loan is getting smaller so that the risk of the smaller company. In the Debby Eva Nur and Inggriani Elim research, ratio analysis of financial reports used as a basis in deciding on granting credit. Every year Debt to Assets Ratio decreased, however large this ratio is still above 50%. That's because there are still many fund financed by debt, so that the company's risk is still high and the more difficult the company to obtain additional loans.

V. CONCLUSION

1. Debt to Assets Ratio influence on the decision-making of loan granting to rural bank Dinar Pusaka in the district Sidoarjo. This means that the size of the Debt to Assets Ratio affect the results of lending decisions. The value of this ratio is influenced by the company's debts and assets of the company.
2. Times Interest Earned Ratio does not affect the decision making of loan granting to rural bank Dinar Pusaka in the district Sidoarjo. Because rural bank oversee loan installment amount paid by the company and not the number of times the company loan repayments.
3. Long-term Debt to Equity Ratio influence on the decision-making of loan granting to rural bank Dinar Pusaka in the district Sidoarjo. This means that the size of Long-term Debt to Equity Ratio affect the results of lending decisions. This ratio value is affected by the company's long-term debt and equity held by the company.

VI. SUGGESTION

Given this research, it is expected rural bank Dinar Pusaka Sidoarjo can improve accuracy and more selective in making lending decisions. So rural bank Dinar Pusaka can avoid bad credit. For further research, is expected to add independent variables, such as loan-to-deposit and liquidity ratios. Also, it can use other research methods, such as multiple regression analysis, or using other research approaches, such as qualitative approach.

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