

ABSTRACT

This study aims to analyze and obtain empirical evidence of Factors that Influence Banking Profitability (Study on Rural Banks in the Central Java Region in 2016-2018). The independent variables in this study consisted of Capital Adequacy Ratio, Non Performance Loans, Operational Costs to Operating Income, Loan to Deposite Ratio, Cash Ratio, and Bank Size while the dependent variable was Net Interest Margin.

The population in this study is the Rural Credit Bank in the Central Java region from 2016 to 2018. The sampling technique uses a numerical scale method so that the sample in this study is 251 users. The data used are secondary data that is data that has been collected by data collection agencies and published to the data user community. Secondary data in the form of annual financial reports from the Central Java Region BPR in the Financial Services Authority and the period 2016 to 2018.

The research hypothesis was tested using Statistical Product and Service Solutions analysis version 22 (SPSS 22). The results showed that CAR, LDR, CR, Bank Size had a significant positive effect on profitability. NPL and BOPO test results show a significant negative effect on profitability. While the bank size shows no significant effect on profitability.

Keywords: Profitability (NIM), CAR, NPL, LDR, BOPO, CR, and Bank Size.