

## **ABSTRACT**

*Net Interest Margin or commonly referred to as NIM is the difference between net interest income and the average earning assets used by the Bank. This study aims to analyze and test the effect of NPL on NIM on domestic private banks, analyze and test the effect of BOPO on NIM on domestic private banks, analyze and test the effect of LDR on NIM on domestic private banks, analyze and test the effect of Bank Size on NIM on banks domestic private sector, analyze and test the effect of Market Power on NIM on domestic private banks, analyze and test the effect of NPL on NIM on foreign private banks, analyze and test the effect of the influence of BOPO on NIM on foreign private banks, analyze and test the effect of LDR on NIM on banks foreign private banks, analyze and test the effect of Bank Size on NIM on foreign private banks, and analyze and test the effect of Market Power on NIM on foreign private banks.*

*The population in this study were domestic private banks and foreign private banks for the period 2014-2017. The samples used in this study used purposive sampling where the samples were taken from the Otoritas Jasa Keuangan (OJK) and Statistik Perbankan Indonesia. The analysis technique used is multiple regression with the least squares equation and hypothesis testing using t-statistics to test the partial regression coefficient and F-statistics to test the effect together with the level of significance of 5%. Besides that, a classic assumption test was also conducted which included normality test, multicollinearity test, and heteroscedasticity test.*

*The conclusion of this study is that domestic private bank NPL has a positive effect on NIM domestic private bank, domestic private bank BOPO has a negative effect on NIM domestic private bank, domestic private bank LDR positively affects NIM domestic private bank, SIZE domestic private bank negatively affects NIM bank private domestic bank, POWER domestic private bank positively influential to NIM domestic private bank, foreign private bank NPL has no effect on NIM foreign private bank, BOPO foreign private bank has no effect on NIM foreign private bank, foreign private bank LDR positively affects NIM foreign private bank, SIZE of foreign private banks positively affects NIM of foreign private banks, POWER foreign private banks have a negative effect on NIM foreign private banks, and OWNER has an effect on NIM.*

**Keywords:** *NPL, BOPO, LDR, SIZE, POWER, OWNER, and NIM*