ABSTRACT

This research aims to investigate the relationship between capital adequacy ratio (CAR) and loan-to-deposit-ratio (LDR) as the independent variables, and non performing loan (NPL) which is proxied by non-performing loan ratio as the dependent variable in Indonesian banks before and during the pandemic COVID-19. The sample data to be analysed is from 53 banks with 212 observations. The analysis includes three regression models based on the period of time whether a pandemic occurs or not. The author uses a balanced panel data set for the four-year period regression model and unbalanced panel data sets for the non-crisis period and crisis period analyses. The author uses panel data regression to produce the study outcomes.

All regression models are freed from any data assumption problems. Then the outcomes reveal that bank with higher loan-to-deposit ratio tend to be more susceptible to higher NPL. CAR exerts no significant effects on NPL. Those results are tested from the four-year-period data. When the global economy is not disturbed with COVID-19 pandemic, the two variables have insignificant and negative effects on NPL. The outcomes are studied based on the data from 2018-2019. Furthermore, when COVID-19 pandemic occurs, only CAR has a significant impact, which is negative, on NPL resulted after author's analysis of the data from 2020-2021. This finding informs that regulator authorities can use capital regulation as an effective tool to mitigate risk resulted by non performing loan in banks during a pandemic.

Kata kunci: rasio *non performing loan*, *capital adequacy ratio*, likuiditas, *loan-to-deposit ratio,* pandemi COVID-19.