## ABSTRACT

The economy can be disrupted by the global economic crisis that can affect the economies of developing countries, especially Indonesia. A lot of companies drew money from banks to raise their cash level during economic crisis. For example, during the COVID-19 shock, banks have to absorb the impact of economic crisis by supplying vital credit to the corporate sector and households which affect the CAR of the banks. CAR represents the banks' health and can be affected by several liquidity ratios such as Net Stable Funding Ratio (NSFR), Liquidity Coverage Ratio (LCR), Reserve Requirements Ratio (RRR), and Loan to Deposit Ratio (LDR). This study aims to unravel the effect of NSFR, LCR, RRR, and LDR on Capital Adequacy Ratio (CAR) of foreign banks operating in Indonesia for the period 2018-2021.

This research is using secondary data and the purposive sampling method was used to filter the data population. The sample used in this study consists of 20 foreign banks operating in Indonesia for the period 2018-2021. The data analysis methods used in this research are classical assumption tests (including normality test, multicollinearity test, autocorrelation test, heteroscedasticity test) and multiple linear regression. The hypotheses are analyzed using t statistical test, F statistical test, and coefficient of determination test ($R^2$).

The results of this study show that NSFR, LCR, and RRR partially has a positive and significant effect on CAR. Meanwhile, partially LDR has a positive and insignificant effect on CAR. Simultaneously, NSFR, LCR, RRR, and LDR variables affect CAR of foreign bank operating in Indonesia. Based on Adjusted R Square, simultaneously NSFR, LCR, RRR, and LDR have an effect on the CAR by 81% while the remaining 19% is influenced by other variables that have not been studied.

Keywords: Liquidity, Net Stable Funding Ratio (NSFR), Liquidity Coverage Ratio (LCR), Capital Adequacy Ratio (CAR).