ABSTRACT

This study analyzes the determinants that affect the performance efficiency of commercial banks owned by the Chinese state during 2016-2021. This study uses the Two-Stage Data Envelopment Analysis (DEA) method or approach to determine correlations related to bank performance indicators, Capital Adequate Ratio (CAR), Loan to Deposit Ratio (LDR), Interest Income (IINC), as well as the level of the market value of all the country's goods and services, namely the Gross Domestic Product (GDP), on the results of efficiency analysis through the DEA. Based on the results of this study, in the first stage, all commercial banks owned by the Chinese Government consistently had an efficient rating with a score between 0.8 to 1.0, indicating a high level of efficiency. In the second stage, of all the determinants proposed in this study, LDR significantly affects the efficiency level resulting from all samples of commercial banks owned by the Chinese Government. However, CAR, LDR, IINC, and GDP have a significant simultaneous effect on the efficiency of the resulting bank's performance, indicating an interrelationship in each determinant of the low-efficiency performance of Chinese commercial banks.

Keywords: Efficiency Level, Data Envelopment Analysis, Commercial Bank, Two Stage Analysis