ABSTRACT

The spread of the coronavirus has had negative impacts on commercial banks, such as a decrease in profitability, an increase in credit risk, and inefficiencies. In the midst of these conditions, Regional Development Banks (BPD) tend to exhibit better profitability performance compared to private banks and the overall commercial banking sector. This study aims to investigate the factors that influence the profitability performance of BPD during normal periods in contrast with the Covid-19 pandemic crisis.

In this study, the fixed-effect model panel data regression analysis method was used as the main approach. In addition, as a supporting analytical method, a statistical test method of 2 independent samples (two sample t-test) is used to determine whether there is a statistical difference in the variables studied between normal times and during the Covid-19 pandemic.

ROA variable used as a measure of BPD profitability performance is negatively affected by NPL, total assets, and liquidity represented by the LDR proxy in normal times. During the Covid-19 pandemic, there was a decline in BPD profitability performance in general. However, the NPL and NIM variables still have a significant influence on the BPD ROA ratio during the Covid-19 pandemic crisis. Meanwhile, liquidity tends not to significantly affect BPD profitability during the Covid-19 pandemic, and capital represented by the CAR proxy does not significantly affect BPD profitability both during normal times and during the Covid-19 pandemic.

Keywords: Regional Development Bank (BPD), Return on Asset (ROA), Loan to Deposit Ratio (LDR), Non-Performing Loan (NPL), Capital Adequacy Ratio (CAR), and Total Assets.