

ABSTRACT

This study aims to analyze the influence of internal bank factors consisting of total asset growth, credit and deposits, bank external factors consisting of GDP growth and regional inflation, and bank risk factors measured by CAR, NPL, CR and BOPO on performance at rural banks (BPR) measured by ROA, ROE, NIM and LDR ratios. This research is expected to provide empirical evidence related to factors that can affect the performance of rural banks in Indonesia.

The population in the study is rural banks registered with the Financial Services Authority (OJK) by taking a sample of rural banks classified as BPRKU 3 with core capital criteria of at least IDR 50 billion at the end of 2021 with a sample of 75 rural banks. The research data uses statistical data and BPR financial statements for the 2016-2021 data period with analysis using the SEM-PLS method through the SmartPLS 3 application.

The results showed that internal factors in the form of asset growth, credit and deposits had an insignificant effect on BPR's financial performance. External factors in the form of GDP and regional inflation have a positive and significant effect on financial performance, while risk factors in the form of NPLs and BOPO have a negative and significant effect on the performance of rural banks.

Keywords: rural banks, internal bank factors, bank external factors, risk factors and bank performance