ABSTRACT

The COVID-19 pandemic has posed significant challenges to the financial stability of banking institutions around the world, including in Indonesia, which has an impact on the decline in the Indonesian economy, an increase in non performing loans, a decrease in profit levels and bank capital resilience. This study seeks to conduct an empirical study of the effect of credit restructuring, Non Performing Loan (NPL), and Net Interest Margin (NIM) on Capital Adequacy Ratio (CAR) during the COVID-19 pandemic for this study aims to test (1) the effect of NPL, NIM on ROA (2) the effect of COVID-19 Credit Restructuring, NPL, NIM, on CAR with ROA as an intervening variable.

The research methodology used in this study is quantitative method which aims to test the effect of each independent, intervening variable on the dependent variable. The sample of this research is commercial banks listed in OJK in 2020 that meet the research criteria. The method of analysis in this study is path analysis (path coefficient) which is the development of multiple regression analysis and bivariate to determine the effect of each variable and determine the direct, indirect and total effect of intervening variables.

The results showed that Credit Restructuring has no effect on CAR, NPL has a negative and significant effect on CAR, NIM has a positive and significant effect on CAR, ROA has a positive and significant effect on CAR, NPL has a negative and significant effect on ROA, NIM has a negative and significant effect on ROA, ROA acts as a mediating effect of NPL on CAR, and ROA cannot mediate the effect of NIM on CAR.

Keywords: Credit Risk, Market Risk, COVID-19, Credit Restructuring, NPL, NIM, ROA, CAR