

## **ABSTRACT**

*This research aims to determine the relationship between capital adequacy and the implementation of good corporate governance on on BPR's financial performance with liquidity as a mediating variable. In this research, quantitative research is applied, with the resulting numerical data being analyzed statistically. The data used are regional data, namely the Capital Adequacy Ratio (CAR), the results of assessments of good corporate governance implementation, Loan to Deposit Ratio (LDR) and Return on Assets (ROA) of BPRs in East Java from January 2017 to December 2023. This research is carried out inferential statistical analysis method. Data analysis techniques uses SEM (Structural Equation Modeling) PLS (Partial Least Square). The research results show that capital adequacy has a significant positive effect on financial performance, but capital adequacy has a significant and unidirectional effect on liquidity, the quality of governance implementation has a significant and unidirectional effect on financial performance, but the quality of governance implementation has no significant effect on BPR liquidity, liquidity has no significant effect on BPR financial performance. The results of the research show that liquidity hasn't impact as mediator between capital adequacy and corporate governance and bank's financial performance*

**Keyword: Bank Perkreditan Rakyat, Good Corporate Governance, Likuiditas, Kecukupan Modal, Penerapan Tata Kelola, Kinerja Keuangan, CAR, LDR, ROA**