

ABSTRACT

This study entitled “ The Analysis of size, non performing loan, loan to deposit ratio, operational expenses to operational income, loan loss reserves of net interest margin (Case Study to Bank Listed in BEI Between 2007 until 2012”). which aims to explain the influence between size, non performing loan, loan to deposit ratio, operational expenses to operational income and loan loss reserves of net interest margin.

In the sampling, this research uses techniques of purposive sampling, the sampling is done with consideration of certain considerations, by observing the respondents contend. Technical data done by collecting data from BEI.

The methods of data processing and analysis were using quantitative analysis which are including validity and reliability test, the classic assumption test, multiple regression analysis test, hypothesis testing by F test and t test, and analysis of coefficient of determination (R^2). This test is used for regression models produced unbiased.

Then data were processed using SPSS (Statistical Package for Social Science) for Windows 15 in a quantitative analysis that produced the regression equation as follows :

$$Y = 7,820 - 0,072X_1 - 0,460X_2 + 0,062X_3 - 0,058X_4 + 0,393X_5$$

(1) Known that variable size (X_1) have a negative influence but not significant to the dependent variable net interest margin (Y). (2) Known that variable non performing loan (X_2) have a negative influence and significant to the dependent variable net interest margin (Y). (3) Known that variable loan to deposit ratio (X_3) have a positive influence and significant to the dependent variable net interest margin (Y). (4) Known that variable operational expenses to operational income (X_4) have a negative influence and significant to the dependent variable net interest margin (Y). Therefore Banks is expected to prioritize distributed their deposits third parties for loans activity so banks can increase their net interest margin.

Keywords : size, non performing loan, loan to deposit ratio, operational expenses to operational income, loan loss reserves and net interest margin