

ABSTRACT

Efficiency is the one of importance thing to be attention for banks . In domestic industry of Banking with high competition,efficiency must be first decision on their policy to get high earning and can exist in this industry. Efficiency in this industry means how much cost that must banks paid to get earning or revenue. If banks don't have efficiency will get loss and can make bankruptcy. A few years ago Privat Domestic Bank especially foreign exchange Bank have low efficien rate. It makes performance of bank in this group lower than another group in this industry. In this research use cost efficiency ratio to measure the efficiency rate and we use 24 sampel from 30 Privat Domestic Bank especially foreign exchange bank with Purposive sampling method.

In this research, data was directly get from bank publication report from Bank Indonesia in www.bi.go.id at 2008-2009. We use Cost Efficiency Ratio (CER) as dependent variable. And Loan to Deposit Ratio (LDR), Cash Ratio (CR), Investment ratio (IR) , cost of loanable funds (COLF), Cost of Salary (BTK) and Cost income ratio(BOPO) as independent variable. The first step in this research we do kolmogorov- smirnov test, multicolinieritas test, autocoleration test and glejser test before we do plural regretion linear test.

The result found that Loan to Deposit Ratio (LDR), Cash Ratio (CR), Cost of loanable fund (COLF), cost of Salary (BTK) significantly increase cost efficiency ratio. Cost income ratio (BOPO) did not significantly increase cost efficiency ratio. And Investment to asset ratio (IR) significantly decrease cost income ratio (CER).

Key word : efficiency rate, cost efficiency ratio (CER), Loan to Deposit ratio (LDR), Cash Ratio (CR), Investment to Asset Ratio (IR), cost of loanable funds (COLF), cost of salary (BTK), cost income ratio (BOPO)