

ABSTRACT

This study is conducted to examine and analyze effect of CAR (Capital Adequacy Ratio), NPL (Non Performing Loan), NPM (Net Profit Margin), BOPO (Operational Cost toward Return), LDR (Loan to Deposit Ratio), inflation level, and Firm Size toward finance performance that is represented by a proxy of ROA (Return On Asset) on national private banking and foreign banking located in Indonesia in period of 2004-2008. Besides, it is also aimed to examine whether existed a different toward variable of CAR, NPL, NPM, BOPO, LDR, inflation level, and Firm Size toward finance performance which represented by a proxy of ROA toward both banking industry.

To determine sampling collection in this study, it was conducted by using purposive sampling method based on determined criteria. The sample selected was 14 national private banking and 7 foreign banking. It is also using data analysis techniques, namely, classical assumption test, multiple linear regression test, and hypothesis testing which included Goodness of Fit' testing, R² testing, determinant's testing and T-test' Testing. This study also used Chow's testing to examine difference on effect of CAR, NPL, NPM, BOPO, LDR, inflation level, and Firm Size toward finance performance which is represented by a proxy of a ROA (Return on Asset) on the sample of national private banking and foreign banking in period of 2004-2008.

The study result shown that classical assumption testing has no problem and data of entire variable considered normal that eligible entered to the multiple linear regression equation. Therefore, the Goodness of Fit's testing (F) yielded that entire independent variables collectively are significant toward ROA (Return on Asset) for national private banking and foreign banking. The R² testing result also shown that ability of independent variable in explaining/predicting the dependent variable was 88,7%, and remaining 11,3% explained by other variables which excluded from this study. T-test result also shown that NPM, BOPO, and LDR influence significantly toward ROA bank, whereas CAR, NPL, inflation and Firm Size influence insignificantly toward ROA's bank. Thus, Chow test's result shown there was difference effect of CAR, NPL, NPM, BOPO, LDR, inflation level, and Firm Size toward finance performance which represented by proxy of ROA between national private banking and foreign banking.

Keywords : CAR (Capital Adequacy Ratio), NPL (Non Performing Loan), NPM (Net Profit Margin), BOPO (Operational Cost toward Return), LDR (Loan to Deposit Ratio), inflation level, Firm Size, ROA (Return On Asset)