ABSTRACT

This research is performed in order to test the influence of the variables Capital Adequacy Ratio (CAR), Loan to Deposit Ratio (LDR), Net Interest Margin (NIM), Non Performing Loan (NPL), BOPO, GWM, and Institutional Ownership toward Return On Equity (ROE).

Sampling technique is done by using purposive sampling. Purposive sampling technique is the technique of determining the sample with a certain consideration. Sample that used in this study are Go Public Conentional Banks period 2009 to 2011. The data is based on publicity Indonesia Banking Directory. Obtained by amount sampel as much 23 company from 31 go public banking company in Indonesia 2009 – 2011 period. analysis technique used are multi liniear regression of ordinary least square and hypotheses test used is t-statistic and F-statistic at level of significance 5%. Before that a classic assumption examination which consist of data normality test, multicolinearity test, heterokedasticity test and autocorrelation test is also being done to test the hypotheses.

During the research period show as data research was normally distributed. Based on multicolinearity test, heterokedasticity test, and autocorrelation test classic assumption deviation has no founded. This indicate that the available data has fulfill the condition to use multi linear regression model. The result of the research show that data LDR, NPL, and GWM did not influence Return On Equity (ROE). Variables CAR, BOPO, and Institutional Ownership are negative significant influence Return On Equity (ROE) while NIM is positive significant influence Return On Equity (ROE). Prediction capability from these seven variables toward Return On Equity is 64,8% where the residues 35,2% is affected by other factors which was not to be entered to research model.

Key Words : Banking financial ratios, profitability (ROE), Institutional Ownership, Conventional banking