ABSTRACT

This study aims to examine the effect of Capital Adequacy Ratio (CAR), Loan to Assets Ratio (LAR), Loan to Deposit Ratio (LDR), Biaya Operasional Pendapatan Operasional (BOPO), Non Performing Loan (NPL), and Net Interest Margin (NIM) on banking performance proxied by Return on Assets (ROA). The population in this study is conventional commercial banks in Indonesia which are listed on the Otoritas Jasa Keuangan (OJK) for the period 2012 - 2018. The number of samples in this study were 23 banks, where the sample collection uses a purposive sampling method.

The analysis technique used is multiple linear regression analysis and first performs the classic assumption test, the F statistical test, and the t statistical test. The results of hypothesis testing in this study indicate that LAR and NIM have significant positive effect on ROA, then LDR and BOPO have a significant negative effect on ROA, whereas CAR and NPL does not significantly influence ROA. Based on the results of the study showed that the BOPO variable had the greatest effect on ROA.

The result of the R Square value is 0.937, so that 93,70% of the ROA variable can be explained by the CAR, LAR, LDR, BOPO, NPL, and NIM variables, while the remaining 6,30% is explained by other factors not explained in this study.

Keywords: banking, banking performance, CAR, LAR, LDR, BOPO, NPL, NIM, ROA.