

## **ABSTRACT**

*This research intends to analyze the influence of Bank Size, Operational Cost of Operational Income (or BOPO), Credit Risk, Credit Performance and Market Power on the Net Interest Margin (NIM). It examines arrange of data set from Persero Banks and Foreign Banks between 2008-2012. As such, the goal of this research is to determine whether there are comparative differences in the influence of Bank Size, Operational Cost of Operational Income (or BOPO), Credit Risk, Credit Performance and Market Power on the NIM of Persero Banks and Foreign Banks.*

*The researcher utilizes purposive sampling method with four Persero Banks and four Foreign Bank from period 2008-2012. A multiple regression is employed for the analysis technique. Classical assumption used includes normality test, multi co-linearity test, heteroscedasticity test and auto correlation test. T-test, F-test and Determination Coefficient are conducted in part of Goodness of Fit assessment model. A Chow test is carried out to find out whether there are comparative differences in the effects of Bank Size, BOPO, Credit Risk, Credit Performance and Market Power on the NIM of Persero and Foreign Banks.*

*Findings from this research conclude that Bank Size does not have any effect on the NIM of sampled Persero Banks and Foreign Banks. In Persero Banks, BOPO has significantly negative effect on NIM; Credit Risk has significantly positive effect on NIM; Credit Performance has significantly positive effect on NIM; and Market Power has significantly positive effect on NIM. Meanwhile, in Foreign Banks, BOPO has significantly negative effect on NIM; Credit Risk has significantly positive effect on NIM; Credit Performance has significantly negative effect on NIM; and Market Power has significantly positive effect on NIM. Based on the Chow Test result, it can be inferred that, there are comparative differences in the influence of Bank Size, BOPO, Credit Risk, Credit Performance and Market Power on the NIM of Persero and Foreign Banks.*

**Keywords:** *Bank Size, BOPO, Credit Risk, Credit Performance, Market Power, and NIM*