ABSTRACT

The purpose of this research is to analyze Operational Costs on Operating Income (BOPO), Lerner Index, Revenue Diversification (REVDIV), and Logarithm Natural Total Asset (LOGTA) on Net Interest Margin (NIM) with a comparative study of Rural Banks and Sharia Rural Banks in Indonesia for the period 2014-2018.

The population of this research is all Rural Banks and Sharia Rural Banks in Indonesia that operate from 2014 to 2018. This research uses purposive sampling method as sampling technique, therefore total sample of this research is 129 Rural Banks and 129 Sharia Rural Banks. The analysis technique that is used in this research is multiple linear regression analysis. This research also uses Chow Test to compare the influence of BOPO, LERNER INDEKS, REVDIV and LOGTA toward NIM between Rural Banks and Sharia Rural Banks.

The result of analysis show that BOPO, LERNER INDEKS and LOGTA have a significant influence toward NIM in Rural Banks. Meanwhile, only BOPO and INDEKS LERNER in Sharia Rural Banks show significant influence toward NIM. Chow Test result shows that there is different influence of BOPO, LERNER INDEKS, REVDIV and LOGTA toward NIM between Rural Banks and Sharia Rural Banks.

Keywords: Banking performance, Rural Banks, Sharia Rural Banks, Net Interest Margin (NIM), Operational Costs to Operating Income (BOPO), LERNER INDEKS, Revenue Diversification (REVDIV), Logarithm Natural Total Asset (LOGTA).