ABSTRACT

At 2015, ASEAN decided to forms common market to achieve integration in entirely sector, included banking sector. Faced that common market, banking sector in ASEAN 5 (Indonesia, Malaysia, Singapore, Philipina, and Thailand) prepare some strategies to make healthy competition in this common market. The healthy competition also decided by its banking performance itself. The banking financial performance can be used as measurement of achievement and banking healthy indicator. A company included banking, do the performance measurement to get information for decision making about banking action itself in the market. This research aims to analysis how market structure and economic growth having an affect to performance of local banking commercial in ASEAN 5.

Research sample in this study is local banking commercial in ASEAN 5 countries. Time range which be used in this research is 2005 to 2012. The independent variables are concentration ratio of the two biggest banking (CR_2) as a proxi of market structure and Gross Domestic Product (GDP) growth as a proxi of economic growth. The dependent variable is Return on Assets (ROA) as a proxi of banking financial performance. Pooled data analysis with fixed effect model or known as least square dummy variable (LSDV) used as analysis method in this research.

Pooled data regression analysis results showed that CR_2 had a negative and significant relationship to ROA, whereas GDP growth had insignificant relationship to ROA. Meanwhile, simultaneous independent variables had a significant relationship to ROA. In this research, variance of ROA can be explained by variance of independent variables as big as 56% and the rest, 44% explained by the other variables outside this research.

Keywords: Return on Assets (ROA), concentration ratio (CR_2), Gross Domestic Product (GDP) growth, fixed effect model.