

ABSTRACT

The objective of this research is to analyse the influence of Capital Adequacy Ratio (CAR) changes, Net Interest Margin (NIM) changes, Operations Expenses to Operations Income (BOPO) changes, Loan to Deposit Ratio (LDR) changes toward earning changes of State Owned Banks and Foreign Banks in September 2003 until September 2007. This research also used Chow Test to analyse the difference influence of Capital Adequacy Ratio (CAR) changes, Net Interest Margin (NIM) changes, Operations Expenses to Operations Income (BOPO) changes, Loan to Deposit Ratio (LDR) changes toward earning changes between State Owned Banks and Foreign Banks.

This research used time series data from Bank Indonesia's three monthly State Owned Banks and Foreign Banks published financial reports. After passed the purposive sampling phase, the number of valid sample is 4 State Owned Banks and 5 Foreign Banks. This research used multiple regression analysis to analyse the data. This research also used Chow Test to analyse the difference influence of Capital Adequacy Ratio (CAR) changes, Net Interest Margin (NIM) changes, Operations Expenses to Operations Income (BOPO) changes, Loan to Deposit Ratio (LDR) changes toward earning changes between State Owned Banks and Foreign Banks.

The result of this research shows that Net Interest Margin (NIM) changes has a positive and significant influence toward earning changes in State Owned Banks. The most influential variable in Foreign Banks is Capital Adequacy Ratio (CAR) changes. The result of this research shows that adjusted R^2 from State Owned Banks is 31,4 %, Foreign Banks is 15,1 % and for all (State Owned Banks and Foreign Banks) adjusted R^2 is 13,6 %. F test shows that in simultant, State Owned Banks, Foreign Banks, and all (State Owned Banks and Foreign Bank), variable independent influence variable dependent. Chow Test result shows difference influence of Capital Adequacy Ratio (CAR) changes, Net Interest Margin (NIM) changes, Operations Expenses to Operations Income (BOPO) changes, Loan to Deposit Ratio (LDR) changes toward earning changes between State Owned Banks and Foreign Banks. Investor can use the result of this research as a consideration before invest in State Owned Banks and Foreign Banks. Investor who want to invest in State Owned Banks can use Net Interest Margin (NIM) as a consideration. Capital Adequacy Ratio (CAR) can be used as a consideration by investor who want to invest in Foreign Banks.

Keywords: *Capital Adequacy Ratio (CAR), Net Interest Margin (NIM), BOPO, Loan to Deposit Ratio (LDR), Earning Changes, Chow Test.*