ABSTRACT

The period of transparancy and the high level of competition between banks, banks must have outstanding performance, especially the performance to gain maximal profit. To achieve that there will be costs needed to be expensed. If the cost is bigger than the profit the banks will be stated inefficent by doing its performances. The average of the banks' cost income ratio was the important issue and it is gradually increasing by the period of 2012 – 2016 , therefore it has to be understood the internal factors of the banks that influence the cost income ratio of the banks which listed in Indonesia Stock Exchange during 2012 – 2016

The methodology of this research was data panel analysis which uses the secondary data of the annual and financial report of 30 banks which are listed Indonesia Stock Exchange during 2012 – 2016. Teh data were analyzed through multiple linear regression analysis of E-views version 9.0 for Windows.

The result of the study showed that : Partially (1) Bank Size and Loan to Deposit Ratio was not significantly affected the cost income ratio, (2) Capital Adequacy Ratio, Non-Performing Loan, and Public Ownership positivelya and significantly affected the cost income ratio, (3) Statutory Reserves negatively and significantly affected the cost income ratio. (4) Simultaneously, all of the independent variables had a significant effect of the cost income ratio of the banks which were listed on the Indonesia Stock Exchange for the period 2012 – 2016.

Keywords : cost income ratio, bank size, capital adequacy ratio, non-performing loan, loan to deposit ratio, statutory reserves, dan public ownership.