ABSTRACT

This study is performed to test the effect of CAR, LDR, and BOPO toward NIM to increase ROA. The objective to analyze the effect of the bank financial ratios performance (CAR, LDR, and BOPO) toward NIM to increase ROA in banking industry over period 2012-2014.

Sampling technique used here is pusposive sampling. The data was taken Otoritas Jasa Keuangan (OJK) and Statistik Perbankan Indonesia. It is gained sample amount of 104 data. The analysis technique used here is multiple regression with the least square difference and hypothesis test using t-statistic to examine partial regression coefficient and f-statistic to examine the mean of mutual effect with level of significance 5%. In addition, classical assumption is also performed including normality test, multicolinearity test, and heteroscedasticity test.

The result shows CAR, LDR, and BOPO to have influence toward NIM at level of significance less than 5%, and CAR, LDR, BOPO, and NIM have influence toward ROA at level of significance more than 5%. Managerial implication to this research, bank must concern increasing CAR, LDR and NIM, and decreasing BOPO while four variables can improve ROA.

Keywords: CAR, LDR, BOPO, NIM, and ROA