

ABSTRACT

The basic of bank is about trust, whether in collecting money and distributing money. People need to believe and trust that the bank the money will not be misused by bank. Stability in finance and funding is very important in economic sector. As in part of economy, financing system aid to allocate funding from surplus section to the deficit section. If finance is not stable and not efficiently functioning, the allocation will not be working well and it slows the growth in economy. Once there is no stability in finance, it will cost lots of funding to save the stability. The purpose of this research is to analyze the effect of Capital Adequacy Ratio (CAR), Non Performing Loan (NPL), Operating Expense Ratio (BOPO), Net Interest Margin (NIM), Loan to Deposit Ratio (LDR), and Altman Z-score towards Return on Asset (ROA) and Return on Equity (ROE) for banks listed in Indonesia Stock Exchange period 2010 - 2017.

From the research, it shows that the variable of Capital Adequacy Ratio (CAR) has positive insignificant effect towards Return on Asset (ROA), Non Performing Loan (NPL) and Operating Expense Ratio (BOPO) have negative significant effect towards Return on Asset (ROA) and Return on Equity (ROE), Net Interest Margin has positive significant effect towards Return on Asset (ROA) and Return on Equity (ROE), Loan to Deposit Ratio (LDR) and Z-score have positive insignificant effect towards Return on Asset (ROA), Capital Adequacy Ratio has a negative insignificant effect towards Return on Equity (ROE), Loan to Deposit Ratio (LDR) has a negative significant effect towards Return on Equity (ROE) and Z-score have negative insignificant effect towards Return on Equity (ROE).

Keywords: Capital Adequacy Ratio (CAR), Non Performing Loan (NPL), Operating Expense Ratio (BOPO), Net Interest Margin (NIM), Loan to Deposit Ratio (LDR), Altman Z-score, Return on Asset (ROA), Return on Equity (ROE).