ABSTRACT

LIN YASHE (01618210001)

THE RELATIONSHIP BETWEEN KEY FINANCIAL INDICATORS AND BANK PERFORMANCE: A CASE STUDY OF 10 MAJOR INDONESIAN COMMERCIAL BANKS

(xi + 57 pages; 2 figures; 10 tables):

Indonesia, as the largest economy in Southeast Asia, has experienced remarkable economic growth and transformation in recent years. In the context of global economic integration and the rapid development of financial markets, the performance of banks, as the core of the financial system, is critical to the stability and growth of the country's economy. The purpose of this study is to examine the impact of capital adequacy ratio, loan to deposit ratio, net interest margin, non-performing loan ratio and net profit on the performance of banks. The study employs both descriptive and quantitative methods using secondary data. The population of the study is 10 commercial banks listed in the Indonesian Stock Exchange during the period from 2008 to 2022. The study was conducted through purposive sampling and panel data analysis using E-views 10 software for data testing. The results of the study show that capital adequacy and net profit have a negative impact on bank performance, while net interest margin has a positive impact on bank performance. Meanwhile, loan to deposit ratio and non-performing loan ratio do not have a significant effect on bank performance.

Reference: 34

Key words: Return on equity, capital adequacy ratio, loan to deposit ratio, net interest margin, non-performing loan ratio, net profit;