DETERMINANTS OF PROFITABILITY OF CONVENTIONAL COMMERCIAL BANKS LISTED ON THE INDONESIA STOCK EXCHANGE

By Regina Putri Marsella

Abstract

The crucial components in maintaining economic stability involve the presence of financial institutions. This study examines the significant role played by financial institutions in preserving economic stability, emphasizing essential tasks such as risk management, liquidity provision, and financial intermediation. The research aims to investigate how variables such as loan to deposit ratio, exchange rate, inflation, and interest rates affect the return on assets in conventional commercial banks in Indonesia during the period 2003-2022. The sample selection technique employs purposive sampling, choosing 8 conventional commercial banks listed on the Indonesia Stock Exchange as the research sample for the yearly period from 2003 to 2022. The data utilized in this study are secondary data obtained from the Financial Services Authority, Bank Indonesia, the Central Statistics Agency, and the Annual Financial Reports of each banking institution. Through panel data analysis, the research findings indicate that loan to deposit ratio and interest rates have a significant negative impact on the return on assets of conventional commercial banks. Meanwhile, the exchange rate and inflation variables exhibit a significant positive influence on the return on assets of conventional commercial banks.

Keywords: *Return on Asset, Loan to Deposit Ratio, Exchange Rate, Inflation, Interest Rates*

DETERMINAN PROFITABILITAS BANK UMUM KONVENSIONAL YANG TERDAFTAR DI BURSA EFEK INDONESIA

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Abstrak

Komponen penting untuk menjaga stabilitas ekonomi adalah kehadiran lembaga keuangan. Studi ini mengkaji peran penting yang dimainkan lembaga keuangan dalam menjaga stabilitas ekonomi, menekankan tugas-tugas penting termasuk manajemen risiko, penyediaan likuiditas, dan intermediasi keuangan. Penelitian ini bertujuan guna meneliti bagaimana variabel seperti *loan to deposit ratio*, nilai tukar, inflasi, dan suku bunga mempengaruhi *return on asset* pada bank umum konvensional di Indonesia selama tahun periode 2003-2022. Teknik penentuan sampel menggunakan *purposive sampling*, sehingga dipilih 8 bank umum konvensional yang terdaftar di BEI sebagai sampel penelitian dengan periode tahun 2003-2022 secara *yearly*. Jenis data yang digunakan merupakan data sekunder dari Otoritas Jasa Keuangan, Bank Indonesia, Badan Pusat Statistik, dan Laporan Keuangan Tahunan masing-masing perbankan. Dengan menggunakan analisis data panel, hasil penelitian menemukan bahwa *loan to deposit ratio* dan suku bunga berpengaruh signifikan negatif terhadap *return on asset* bank umum konvensional. Sedangkan, variabel nilai tukar dan inflasi berpengaruh positif signifikan terhadap *return on asset* bank umum konvensional.

Kata Kunci: *Return on Asset, Loan to Deposit Ratio,* Nilai Tukar, Inflasi, Suku Bunga