

*Postgraduate Thesis
Graduate Program in Management
Even Semester 2017/2018*

**ANALYSIS DETERMINANTS OF NON-PERFORMING LOAN ON PUBLIC
CONVENTIONAL BANKS LISTED IN INDONESIAN STOCK EXCHANGE**

NPM: 16124410
MEILY JULIANI

Abstract

The purpose of this research is to analyze determinants of non-performing loan on public conventional banks listed in IDX. The dependent variable studied was the non-performing loan and independent variables examined were capital adequacy ratio, bank size, loan to deposit ratio, net interest margin, return on equity, operating expenses to operating income, and earning per share.

The secondary data obtained from the annual reports submitted in the IDX. Sample consist of 32 public conventional banks listed in IDX in the period of 2012-2017. The method used in analyzing the data is multiple regression model. The collected data were tested by Eviews 8.0.

The result of this study indicate that bank size and net interest margin has a positive and significant impact on non-performing loan. While return on equity showed a negative and significant impact on non-performing loan. The result of this study also showed that capital adequacy ratio, loan to deposit ratio, operating expenses to operating income and earning per share did not have any significant impact on non-performing loan. So it can be concluded that the management of risk in commercial banks still requires special attention related to credit distribution given the condition of commercial banks that are very vulnerable to risk, especially credit risk that can affect the business continuity of the bank. This can be done by increasing third party funds, controlling interest costs and other operational costs, as well as tightening the internal control system so as to minimize the occurrence of NPLs.

Keywords: *non-performing loan, capital adequacy ratio, firm size, loan to deposit ratio, net interest margin, return on equity, operating income to operating expenses, earning per share.*