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EFFECT OF OWNERSHIP STRUCTURE AND BOARD CHARACTERISTICS ON COMPANY PERFORMANCE

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ABSTRACT

The purpose of this study is to determine the effect of bank characteristics on the profitability of banks listed on the Indonesia Stock Exchange. This study raised 3 proxy measures of profitability, namely ROA, ROE, and NIM. Bank characteristics as independent variables used are 5 types of banking risk (credit, liquidity, securities, capital, and insolvency risk), bank size and diversification, as well cost efficiency.

The process of taking the target population and observational data processed in this study are all banks listed on the Indonesia Stock Exchange from 2014 to 2018. Observation data collected in this study are processed using the panel regression method using statistical software.

The results obtained in this study are credit risk and insolvency risk have significant affect on ROA and ROE. Liquidity risk, capital risk, and bank size do not have significant effect. Security risk and bank diversification have significant affect on NIM. Cost efficiency significantly affects profitability.

Keywords: *bank characteristics, profitability, insolvency risk*