DETERMINANTS OF CONVENTIONAL BANK'S FINANCIAL PERFORMANCE IN INDONESIA

CITRA MINASH SOLEKHA

Submitted in Partial Fulfilment of the Requirements for the Degree of Bachelor in Finance

MANAGEMENT AND SCIENCE UNIVERSITY

2023

CERTIFICATION OF THESIS

I, the undersigned, certify that

CITRA MINASH SOLEKHA

Candidate for the degree of

BACHELOR IN FINANCE

Has presented his/her thesis/dissertation of the following title

DETERMINANTS OF CONVENTIONAL BANK'S FINANCIAL PERFORMANCE IN INDONESIA

As it appears on the title page and front cover of the thesis/dissertation that the research is acceptable in format and content and that a satisfactory knowledge of the field is covered by the thesis/dissertation.

_____

Assoc Prof Dr Aza Azlina
Supervisor

_____

Nor Amilia Izzati Binti Muhamad
Co-Supervisor

_____

Assoc Prof Nurul Asyikeen Abdul Jabar
Dean Graduate School Of Management

THESIS COPYRIGHT / AGREEMENT

AUTHOR : CITRA MINASH SOLEKHA

TITLE : DETERMINANTS OF CONVENTIONAL BANK'S FINANCIAL PERFORMANCE IN INDONESIA

DEGREE : BACHELOR IN FINANCE

Permission is herewith granted to Management & Science University to circulate and to have copied for non-commercial purposes, at its discretion, the above title upon the request of individuals or institutions.

Citra Minash Solekha

The author does not reserve other publication rights and the thesis nor may extensive extracts from it be printed or otherwise reproduced without the author's written permission. The author attests that permission has been obtained for the use of any copyrighted material appearing in the thesis (other than the brief excerpts requiring only proper acknowledgement in scholarly writing), and that all such use is clearly acknowledged.

DECLARATION

I, Citra Minash Solekha, hereby declare that the *thesis/ dissertation/ research project is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at MSU or other institution.

Citra Minash Solekha

POLITEKNIK NEGERI JAKARTA

ACKNOWLEDGEMENT

I am deeply grateful to my teaching lecture, AP Dr. Aza Azlina Md Kassimii, for their guidance throughout my degree's program. The expertise and patience have been invaluable to me and have played a crucial role in the success of this fyp.

I would also like to thank Nor Amilia Izzati Binti Muhamad for serving on my fyp supervisor and providing valuable feedback and suggestions. Their insights and guidance were instrumental in helping me to shape my research and write this fyp.

I am deeply thankful to my parents and my family for their love and support during this process. Without their encouragement and motivation, I would not have been able to complete this journey.

I would also like to thank my friends (Capa, Abang, Tami, Alip, Emak, anak MP), my housemate (Umma, Akak, Ica, Oma, Bapak Zharif) except 'bestie' for their love and support during this process. Without them, this journey would not have been possible.

POLITEKNIK NEGERI JAKARTA

DETERMINANTS OF CONVENTIONAL BANK'S FINANCIAL PERFORMANCE IN INDONESIA

Citra Minash Solekha[i], Aza Azlina Md Kassim[ii], Nor Amilia Izzati Binti Muhamad[i]

[i]*Faculty of Business Management and Professional Studies, Management Science University, Malaysia*

[ii]*Graduate School of Management, Management and Science University, Malaysia*

Corresponding author email: citraminash.mk@gmail.com

ABSTRACT

The performance of financial institutions is important to prevent crises and create financial system performance among bank. This is because financial or banking institutions is a benchmark for economic growth. Therefore, the success of a country can be seen from the banking performance in that country. This is considered important to ensure that institutions in a country can run stably and efficiently. The purpose of this study is to investigate the factors that influence performance of conventional Indonesia bank. As for methodology, secondary data was collected from a sample of 12 conventional banks in Indonesia from the year 2012-2021, using SPSS. The results showed that the by bank performance did not significantly affect the bank's capital adequacy ratio and management operating profit. Simultaneously, bank size, liquidity, and net interest margin affected performance conventional bank in Indonesia. Simultaneously, the three factors influence the return on assets as performance of conventional bank. This research also includes a discussion, limitations, recommendations, and conclusions.

Keywords: bank performance, conventional bank, return on asset, Indonesia.

LIST OF FIGURE

Figure 2. 1 Research Framework..... 12

POLITEKNIK NEGERI JAKARTA

LIST OF TABLE

Table 3. 1 List The Name of Bank 17

Table 3. 2 Sample The Name of Bank 19

Table 3. 3 Measurement of Variables 19

Table 4. 1 Test of Normality 25

Table 4. 2 Table of Descriptive Statistic 26

Table 4. 3 Table of Pearson Correlation 27

Table 4. 4 Table of Regression Model 28

Table 5. 1 Summary of Hypothesis Testing 31

POLITEKNIK NEGERI JAKARTA

TABLE OF CONTENTS

CERTIFICATION OF THESIS ii

THESIS COPYRIGHT / AGREEMENT iii

DECLARATION iv

ACKNOWLEDGEMENT v

ABSTRACT vi

LIST OF FIGURE vii

LIST OF TABLE viii

CHAPTER 1 1

INTRODUCTION 1

1.1 Background of Study 1

1.2 Problem Statement 3

1.3 Objectives of the Project 4

1.4 Research Questions 4

1.5 Scope of the Project 4

1.6 Significance of the Project 4

1.7 Organization of This Study 5

CHAPTER 2 7

LITERATURE REVIEW 7

2.1 Introduction 7

2.2 Reference to Previous Research 7

2.3 Return on Assets 9

2.4. Determine of Return on Asset (ROA) 9

2.4.1 Bank Size 10

POLITEKNIK NEGERI JAKARTA

2.4.2 Capital Adequacy Ratio 10
2.4.3 Liquidity 10
2.4.5 Operating profit 11
2.5 Research Framework 11
2.6 Hypothesis Development 12
2.7 Summary 13
CHAPTER 3 15
METHODOLOGY 15
3.1 Introduction 15
3.2 Research Design 15
3.3 Population and Sample Size 15
3.4 Types of Data Use 17
3.4.1 Secondary Data 17
3.5 Data Collection Method 18
3.6 Measurement of Variables 19
3.6.1 Bank Size 20
3.6.2 Capital Adequacy (CAR) 20
3.6.3 Liquidity 20
3.6.4 Net Interest Margin 21
3.6.5 Operating Profit 21
3.7 Proposed Data Analysis 21
3.7.1 Normality Test 21
3.7.2 Descriptive Analysis 22
3.7.3 Correlation Pearson 23

POLITEKNIK NEGERI JAKARTA

3.7.4 Multiple Regression 23
3.8 Chapter Summary 24
CHAPTER 4 25
DATA ANALYSIS 25
4.1 Normality Result 25
4.2 Descriptive Result 25
4.3 Pearson Correlation 26
4.4 Regression Results 27
4.5 Chapter Summary 29
CHAPTER 5 30
RESULT DISCUSSION 30
5.1 Introduction 30
5.2 Overview of the Study 30
5.3 Discussion of Result 31
5.3.1 Operating Profit on Performance Bank (ROA). 31
5.3.2 Bank Size on Performance Bank (ROA). 32
5.3.3 Capital Adequacy Ratio on performance bank (ROA). 32
5.3.4 Liquidity on performance bank (ROA). 33
5.3.5 Net Interest Margin on performance bank (ROA). 33
5.4 Contribution of the Study 34
5.4.1 Body of Knowledge 34
5.4.2 Theory 34
5.4.3 Practical 34
5.5 Recommendation for Future Research 35

POLITEKNIK NEGERI JAKARTA

5.6 Conclusion 35
REFERENCES 38
APPENDIX 42
APPENDIX A: LIST CONVENTIONAL BANK IN INDONESIA 42
APPENDIX B: TURNITIN CHECK 43
APPENDIX C: SLIDE PRESENTATION 43
APPENDIX D: RUBIC 45

POLITEKNIK NEGERI JAKARTA

CHAPTER 1

INTRODUCTION

1.1 Background of Study

Any nation's economic development depends significantly on the performance of its banking sector. A country's financial and economic system is strengthened by the effective management of funds and financial investments made possible by a robust banking sector. By giving the critically needed money, banks in particular are expected to play a big role in absorbing the shock. (Acharya and Steffen, 2020; Borio, 2020). The banking industry contributes to a country's socioeconomic growth in a number of ways, including through lending money to farmers, businesses, and other start-ups (Ranajee, 2018; Jyoti and Singh, 2020; Alam et al, 2021).

Contribution by sector finance and insurance to GDP Indonesia is 4.34% (Statista, 2023). The government's efforts to promote Tax Amnesty, which improves the state of the Indonesian economy, which leads to better condition of Indonesian economy. Indonesia, one of the five largest ASEAN nations, has the greatest net interest margin, which shows that its banks are more effective than those in other ASEAN nations. However, the financial industry still plays a minor role in Indonesia's economic expansion.

Private bank’s, state-owned banks, regional banks, and other banks can be found in Indonesia. The presence of these banks undoubtedly has an influence on the state of the banking industry in Indonesia, particularly in light of Bank Indonesia's (BI) decision to isolate its macro prudential policies from its other policies, which were ultimately handled by the Financial Services Authority (OJK). Although the structure of the Indonesian banking system has not entirely changed, the effects of this policy and the financial crisis that struck Indonesia from 2008 to 2015 undoubtedly have an

impact on it. The Indonesian economy fell into recession last year as it struggled to get its pandemic 2020-2022.

The banking industry is currently dealing with a number of problems as a result of increased competition in the sector, technological advancements, rising non-performing assets, rising consumer expectations, rising profitability demands, and other factors (Ranajee, 2018; Goyal et al., 2019; Singh et al., 2019). It is necessary to assess the performance of the banking sector in order to boost its contribution to the Indonesian economy and make it more competitive on a global scale. Researchers are interested in measuring the performance of the banking industry for a number of reasons, including the fierce competition in the financial market, the emergence of new technologies, and the fact that banks are working very hard to increase their performance and remain competitive. The relative performance of the banking industry has always been a significant problem, but it is now of the utmost relevance to both researchers and policymakers.

More studies are being conducted to evaluate bank performance. Studies on internal bank performance are less common. Although the performance of the banking sector has always been a key issue, experts and policymakers are now more interested in it than ever.

This study support the banking sector's ongoing enhancement of performance and relative efficiency analysis. This study analyze the performance of conventional bank in Indonesia. This study gives of analyzing banks' performance by internal factors, focusing on just one aspect. The internal can be measured by the financial statement, which is used in various studies to examine the performance of a bank and healthy of bank. The factors require statistical information. This study's objective is to analyze the performance conventional results of Indonesian banks and identify the factors that affect them. This study further seeks to assess Indonesian banks' present

and potential future performance. Thus, the financial performance analysis of conventional banks has been of great interest and will show results.

1.2 Problem Statement

The instability in the banking industry and the financial markets, both nationally and internationally, has an impact on Indonesia's financial system's performance. The global financial crisis that has so far taken place was brought on by an imbalance in the banking industry. The decline of the banking intermediary function is a contributing element to bank underperformance. In practically every nation, banks constitute a significant institutional source of outside funding for businesses. The solid banking environment and effective banking intermediary role in mobilizing public savings so they can be channeled in the form of credit and other financing to the company reflect the performance of financial institutions in general

To avoid crises and establish a performance bank for the financial system, financial institutions' performance is crucial. This is due to the fact that financial or banking institutions in the financial sector of a country use banking as a benchmark for growth and progress in that country as well as the performance of its financial system. As a result, it is important to make sure that financial institutions in that country can function steadily and effectively.

The Financial Soundness Indicator (FSI), which includes the banking profitability ratios (ROA, ROE) banking asset quality to total credit (NPL), is used by the IMF to measure the performance of financial institutions. The financial institution performance bank index is another tool for gauging financial institution performance (Sbai and Meghouar, 2017). Considering the context of this, it is critical to look at the factors affecting Indonesian conventional banks' financial performance.

1.3 Objectives of the Project

The aim of this research is:

1. To test which factors influence performance of conventional Indonesia bank.
2. To investigate the most factors influences on the performance of conventional Indonesia banks.

1.4 Research Questions

The questions of this research is:

1. Does an Independent variable influence a Dependent variable?
2. Which factor most influences the performance of conventional bank in Indonesia?

1.5 Scope of the Project

The scope of this project is see the performance bank of the level of conventional banks in Indonesia and developments as a whole. In times of economic crisis like this, bank performance will be increasingly tested. Performance bank plays an important role in an economy

1.6 Significance of the Project

The purpose of this study was to address the objectives of the study and add to the body of literature. Theoretically, it would contribute important information to:

1. Investor

   To help investor to investment decision making

2. To body of knowledge

Lecture: Can get new area future research

Student: Knowledge banking performance.

3. Economic

It's will help policy maker become one indicator/parameters for decision making in banking sector.

1.7 Organization of This Study

Generally, a component of the Organization of Study is to spotlight the organizational "signposts" to look for in the chapters that follow.

1. Chapter I

This study include background of the study, the problem statement, the research objective, the research question, the scope of the study, the significance of the study, and the organization of the study are all included in this chapter.

2. Chapter II

This chapter contains a Literature Review that provides an overview of identifying relevant theories and gaps in this study. Study framework and hypothesis also contains in this chapter.

3. Chapter III

This chapter is a Research Methodology that contains research design, research strategy, and variables measurement.

4. Chapter IV

The data analysis in this chapter provides an explanation of the information received. It involves the analysis of data collected via the application of logical and analytical reasoning to ascertain the relationship between the selected variables.

POLITEKNIK NEGERI JAKARTA

5. Chapter V

This chapter contains a Conclusion, recommendation for future research, discussion of result, contribution of the study, that all is a synthesis of key points this research.

POLITEKNIK NEGERI JAKARTA

CHAPTER 5

RESULT DISCUSSION

5.1 Introduction

To provide the reader with a thorough understanding of the research overview and summary of this study, this chapter presents the methodology's research results as well as examples from throughout the research review. The discussion of the study, analysis of the background research, discussion of the findings, recommendations for further study, and conclusion.

5.2 Overview of the Study

The primary goal of the study is to determine how Indonesia's conventional banks' financial performance will affect the country from 2012 to 2021. There are two additional study issues that deserve special attention: Does an independent variable influence a dependent variable, and which factor most influences the performance of a conventional Indonesian bank. As a result, for each subsequent ROA test, there have been five basic hypotheses with respect to the variables.

The data collection came from publications by the IMF and World Bank for the 10 years from 2012 to 2021, as well as financial performance and data published in statements of accounts of all commercial banks in Indonesia, OJK, the official website, and other sources. Using the SPSS program, the data material was assessed and analyzed. Complete information on the traditional banks was gathered for the sample of 12 banks listed on Otoritas Jasa Keuangan.

The result, the data analysis from Chapter 4 findings figured out there are 3 hypotheses acceptable in regression test in terms Bank Size, Liquidity, Net Interest

Margin. In other words, there is negative relationship between Capital Adequacy Ratio and Operating Profit to bank performance (ROA).

Table 5. 1 Summary of Hypothesis Testing

Summary of Hypothesis Testing

Hypothesis	Accepted ($p < 0.05$)	Rejected ($p > 0.05$)
H0: Operating profit has a negative effect on the performance of conventional banks in Indonesia (ROA).	✓	
H1: Bank Size has significant relationship with the performance of conventional banks in Indonesia (ROA)	✓	
H2: CAR has a positive impact on the performance of conventional banks in Indonesia (ROA).		✓
H3: Liquidity has a positive relation effect with the performance of conventional banks in Indonesia (ROA).	✓	
H4: Net interest margin (NIM) has a positive related to the performance of conventional banks in Indonesia (ROA).	✓	

5.3 Discussion of Result

5.3.1 Operating Profit on Performance Bank (ROA).

Following result analysis, the research's conclusions indicate that operating profit has a negative impact on bank performance (ROA). The findings agree with the findings from journal papers by Jeyan Suganya D F & Kengatharan L. (2018), which claimed a poor correlation between bank performance and operating profit. A plausible explanation for this outcome is that operational efficiency in managing operating expenses has no impact on bank performance, and neither does operating profit. The management of the

bank can use a number of credit risk management strategies, such as lowering the ratio of non-performing loans to total loans and advances, screening customer data using the CAMELS and 5C methods, approving loans to customers, varying the sources of those loans, and determining the capacity of loan recipients with the help of Fitch rating agencies.

5.3.2 Bank Size on Performance Bank (ROA).

The examination of the research results and the impact on bank performance (ROA) of bank size are both good. Bank performance (ROA) is influenced by bank size. The results support the assertions made in journal papers by Parvin S., Chowdhury A. M. H., Siddiqua A., and Ferdous J. (2019) that the size of the bank and its performance are positively correlated. An explanation for this finding is that bank size affects performance because it has been found that banks' return on assets increases with bank size. However, the profitability of the banks was not considerably impacted by the size of the institutions. By diversifying activities across product lines, sectors, and geographical locations, increasing banks' asset sizes can help lower risk (Ali, M., & Puah, C. H. 2018). By enabling banks to take advantage of economies of scale, growing bank sizes can boost bank profitability. It is clear that a bank's size determines how well it performs financially since it enables it to take advantage of economies of scale.

5.3.3 Capital Adequacy Ratio on performance bank (ROA).

The bank's performance (ROA) is negatively impacted by the CAR variable. Binh Thi Thanh Daoi and Kieu Anh Nguyen (2020), who explained that it is not always best to keep a large amount of capital on hand or to only make high-quality loans since, even though this method produces high CAR and for banks, lower profits, reinforce this negative relationship between capital

adequacy and profitability. The simultaneous inverse relationship between capital and performance leads to advice for banks on how to use capital more effectively and efficiently to boost market performance. In addition, banks might decrease risk-weighted assets in order to maintain an acceptable level of capital in addition to increasing equity capital. However, distinct banking sectors should be kept in mind. However, it should be kept in mind that capital may vary between different banking sectors in different nations and that applications cannot be consistently used for each bank. As a result, banks should wisely examine the aspects that are appropriate and essential.

5.3.4 Liquidity on performance bank (ROA).

The analysis of the research results and the influence of liquidity on bank performance (ROA) are both good. The performance of the bank (ROA) is positively influenced by liquidity. The results are consistent with journal publications by Dao, B. (2020), which claim that liquidity improves bank performance (ROA). Liquidity does not have a significant impact on how well commercial banks perform. This shows that performance is more about asset quality, capital adequacy, efficiency, and other factors than it is about maintaining high levels of liquid assets.

5.3.5 Net Interest Margin on performance bank (ROA).

The NIM variable has an advantageous impact on the bank's performance (ROA). This demonstrates that the bank will earn more money or make more profit the higher the NIM percentage. The performance of a conventional bank (ROA) will improve with a larger NIM, and vice versa. The NIM is equal to or proportional to the ROA. This is in line with the findings of studies by Fajri (2017) and Hakim and Sugianto (2018), which show that NIM has a positive effect on bank performance (ROA).

5.4 Contribution of the Study

5.4.1 Body of Knowledge

This research doesn't notably differ from any other research papers on the topic when compared to other academics who have generated various studies about the financial performance of conventional banks. The only difference is the variable. This research paper considers internal factors that may affect Indonesia's conventional banks' performance in this setting. In addition, this study provides a literature evaluation and a resource for upcoming scholars who will have relevant research topics.

5.4.2 Theory

The primary objective of this study is to analyze the factors that have the greatest impact on the performance of conventional banks by supporting agency theory. According to Dr. Dhanuskodi Rengasamy (2012), "bank performance" can be described as the reflection of how the resources of a bank are used in a way that enables it to achieve its goals. The performance of banks theory outlines the relationship between a bank's current condition and performance. The adoption of a set of metrics that reflect the bank's existing situation and the extent of its capacity to meet the desired goal is referred to as "bank performance."

5.4.3 Practical

This research will be helpful to investors and corporations since it takes into account the overall factors affecting the performance of conventional banks in Indonesia. Every action or choice you make has the potential to affect how well your bank performs and how profitable it is. Potential shareholders and investors who make sound investment decisions will increase the stability and

performance of Indonesia's conventional banks. This research study will be crucial since it will enable policymakers to use it as one of their criteria when making decisions in the banking industry.

5.5 Recommendation for Future Research

Based on the findings of the research and discussion in the preceding chapter, the researcher can make the following recommendations for this study:

1. The results of this study are still weak because they just consider internal factors. Numerous studies demonstrate that both internal and external influences have a significant influence on the profitability and performance of banks. The performance of banks may be affected by external factors. In order to have a larger sample size and produce better results, it is intended that future study will consider external influences.

2. A recommendation to improve the study's sample and population will also be made. This study used 12 traditional Indonesian banks as its sample size. It's recommended to use sample size compare between conventional bank in Indonesia and Malaysia. To investigate performance bank between two countries. That research will help the Bank for decision making in banking sector each country.

5.6 Conclusion

This study indicates the need to investigate the variables that affect the performance of conventional Indonesian banks. The results of this study show that bank size, liquidity, and net interest margin might affect conventional banks' performance in Indonesia. The most factor influence performance of conventional Indonesian banks is bank size. Due to the fact that larger banks perform better. Liquidity does not, however,

have a significant impact on how well commercial banks perform. This suggests that low bank performance correlates to low asset quality or a high ratio of non-performing loans to total assets. This does not imply that a bank's liquidity situation has no bearing at all. Instead, it indicates that the performance of conventional banks in Indonesia throughout the research period was less affected by liquidity. The NIM variable has a positive effect on the bank's performance (ROA). This shows the bank will earn more money or make more profit with a higher NIM percentage. The factors CAR and operating profit ratio have a negative effect on the performance of the bank (ROA).This shows that the size of a bank's capital adequacy ratio (CAR) and its operational effectiveness in controlling operating costs have no bearing on the bank's performance (ROA).

The OJK publication of Indonesian banking data for the period of October 2015 decreased the bank's NPL ratio by 2.67%. The decrease in bank lending, which climbed by 10.26% from October 2014 to this month, and the rise in NPL were both expected. Together with the domestic economy's decline, loan growth also slowed as a result of bank write-offs and the sales of numerous banks' assets to linked organizations. The NPL percentage of the bank has been above three percent since May 2020, according to data from the Financial Services Authority (OJK) of Indonesia, while bank credit values have fallen. With a ratio of 3.5% of the total loans disbursed, the NPL value of Indonesian banks has risen to its maximum level of IDR 187.38 trillion in August 2021.

In spite of a global economic slowdown and increasing uncertainty, Indonesia's economy significantly grew in 2022 after recovering from the COVID-19 epidemic. The prediction is that the performance of conventional banks in Indonesia will rise as a result of the country's expanding economy, which was reflected in all GDP components. In line with the above accelerations, banking intermediation also increased in November, growing by 11.16 percent year over year, compared to 4.73 percent in the prior year. The micro, small, and medium-sized companies (MSME)

segment, which increased by 16.8 percent yoy in August, significantly faster than the 9.3 percent yoy growth in August 2021, was the main driver of the acceleration in lending. 21 percent of all credit went to MSMEs. Working capital disbursement rose by 11.6 percent yoy as a result of increased business activity, mostly as a result of investments in the processing sector.

There are various stages of creating good performance in the bank, as seen from the continuum of performance. The PDCA (plan-do-check-action) method is used to describe this stage. To maintain the bank's strong performance, these four tasks must be consistently completed. The policyholder will determine the issue and create a strategy to address it during the "plan" or planning phase. Following observation and analysis, initiatives that will increase performance in this area will be developed. The next stage is the "do" or execution, in which the prepared plans will be carried out as intended. In order to discover the best solution, it will now analyze the root causes and practice continuous improvement. A check or control will be performed along with the implementation. During this stage, the implementation's results will be verified and measured against the desired goals. Action, or standardizing and consolidating all of these steps, comes last. Following the development of the best solution to an issue, standardization is implemented to both stop future occurrences of the issue and to enhance the performance of bank's.

REFERENCES

Almazari, A. A. (2014). Impact of internal factors on bank profitability: Comparative study between Saudi Arabia and Jordan. *Journal of Applied finance and banking, 4(1)*, 125.

Dao, B. (2020). Bank capital adequacy ratio and bank performance in Vietnam: A simultaneous equations framework. *Journal of Asian Finance, Economics and Business, 7(6)*, 039-046.

Demirgüç-Kunt, A. P.-O. (2021). Banking sector performance during the COVID-19 crisis. *Journal of Banking & Finance, 133*, 106305.

Department, S. R. (2023, May 2). *Breakdown of GDP Indonesia 2021, by sector*. Retrieved from Statista: https://www.statista.com/statistics/1019099/indonesia-gdp-contribution-by-industry/

Eddine Mkadmi, J. (2020). The Determinants of Financial Performance: A Comparative Analysis Between Conventional and Islamic Malaysian Banks. *Journal of smart economic growth, 5(1)*, 15-35.

Gallo, A. (2015, November 4). *A Refresher on Regression Analysis*. Retrieved from Haard Business Review: https://hbr.org/2015/11/a-refresher-on-regression-analysis

Handayani, E. &. (2019). The Determinants of Islamic Commercial Bank Profitability in Indonesia during 2012-2018. *The International Journal of Business Management and Technology, 3(5),*, 225-236.

Haralayya, B. &. (2021). Performance affecting factors of indian banking sector: an empirical analysis. *George Washington International Law Review, 7(1)*, 607-621.

Haris, M. T. (2020). A study on the impact of capitalization on the profitability of banks in emerging markets: A case of Pakistan. *Journal of Risk and Financial Management, 13(9),*, 217.

Heffernan, S. A. (2010). Determinants of financial performance in Chinese banking. . *Applied Financial Economics, 20(20)*, 1585-1600.

Istan, M. &. (2020). he Effect of External and Internal Factors on Financial Performance of Islamic Banking. *Jurnal Ekonomi & Studi Pembangunan, 21(1).*, 137-145.

Istan, M. &. (2020). The Effect of External and Internal Factors on Financial Performance of Islamic Banking. *Jurnal Ekonomi & Studi Pembangunan, 21(1)*, 137-145.

Jayathilaka, A. K. (2020). Operating profit and net profit: measurements of profitability. *Open Access Library Journal, 7(12)*, 1-11.

Jeyan Suganya, D. F. (2018). mpact of bank internal factors on profitability of commercial banks in sri lanka a panel dataanalysis.

Kasri, R. A. (2020). Determinants of bank stability in Indonesia. *Signifikan: Jurnal Ilmu Ekonomi, 9(2)*, 153-166.

Ltaifa, M. B. (2021). The internal factors determining the financial performance of Islamic banks. *International Journal of Innovation, Creativity and Change, 15(6)*, 52-64.

Makowski, D. B.-S. (2020). Methods and algorithms for correlation analysis in R. *Journal of Open Source Software*, 2306.

Mandiri), A. P. (2023, January 17). *Preparing Indonesian banking sector to be resilient in 2023*. Retrieved from The Jakarta Post: https://www.thejakartapost.com/business/2023/01/17/preparing-indonesian-banking-sector-to-be-resilient-in-2023.html

Montgomery, D. C. (2021). *Introduction to linear regression analysis.* USA: John Wiley & Sons.

Muriithi, J. G. (2017). Liquidity risk and financial performance of commercial banks in Kenya.

MUSEMBI, D. M. (2018). Effect of liquidity risk determinants on financial performance of commercial banks listed at Nairobi Securities Exchange. *Kenya (Doctoral dissertation).*

Nugroho, M. A. ((2021)). The effect of loan-loss provision, non-performing loans and third-party fund on capital adequacy ratio. *Accounting, 7(4)*, 943-950.

Ongore, V. O. (2013). Determinants of financial performance of commercial banks in Kenya. *International journal of economics and financial issues, 3(1)*, 237-252.

Parvin, S. C. (2019). Effect of liquidity and bank size on the profitability of commercial banks in Bangladesh. *Asian Business Review, 9(1)*, 7-10.

Pratama, S. Y. (2017). eterminants of Internal And External Factor On Commercial Bank In Indonesia. *Researchers World, 8(1)*, 1.

Sari, F. N. (2019). Determinants of Return on Assets (ROA) On Conventional Banks Listed On Indonesian Stock Exchange (IDX) Period 2013–2017. *IOSR Journal of Business and Management (IOSR-JBM), 21(4),*, 52-62.

Sulaeman, H. S. (2019). Determinants of banking efficiency for commercial banks in Indonesia. . *Contemporary Economics, 13(2),*, 205-218.

Sulaiman, S. (2022, September 2022). *Indonesia's banking industry revises up 2022 loan growth guidance to 10.33% - fin regulator*. Retrieved from NASDAQ: https://www.nasdaq.com/articles/indonesias-banking-industry-revises-up-2022-loan-growth-guidance-to-10.33-fin-regulator

Usman, B. &. (2019). Determinants of bank performance in Indonesia. *Jurnal Minds: Manajemen Ide Dan Inspirasi, 6(2),* , 193-204.

Widyastuti, U. P. (2017). Internal determinants of commercial bank profitability in Indonesia. *Mediterranean Journal of Social Sciences, 8(3),*, 219.

Zaman, S. J. (2011). Determinants of bank profitability in Pakistan: Internal factor analysis. *Yaşar Üniversitesi E-Dergisi, 6(23),*, 3794.

POLITEKNIK NEGERI JAKARTA

APPENDIX

APPENDIX A: LIST CONVENTIONAL BANK IN INDONESIA

No.	The Name of Conventional Bank
1	PT Bank Central Asia Tbk
2	PT Bank CIMB Niaga Tbk
3	PT Bank Maybank Indonesia Tbk
4	PT Bank Danamon Indonesia Tbk
5	PT Bank Rakyat Indonesia Tbk
6	PT Bank UOB Indonesia
7	PT Bank Woori Saudara Indonesia
8	PT Bank HSBC Indonesia
9	PT Bank BTPN Tbk
10	Bank DKI
11	Bank Neo Commerce
12	PT Bank MNC Internasional Tbk.
13	PT Bank Jago Tbk
14	Bank Negara Indonesia
15	PT Bank Mandiri Tbk
16	Permata Bank
17	PT Bank Pan Indonesia Tbk
18	PT Bank Pembangunan Daerah Jawa Barat dan Banten, Tbk.
19	PT Bank DBS Indonesia
20	Bank DKI

APPENDIX B: TURNITIN CHECK

chapter 1-5 citra

ORIGINALITY REPORT

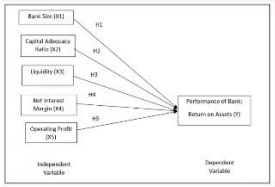
18%	12%	4%	11%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	Submitted to International University of Malaya-Wales Student Paper	2%
2	www.wartaekonomi.co.id Internet Source	1%
3	Submitted to National School of Business Management NSBM, Sri Lanka Student Paper	1%

APPENDIX C: SLIDE PRESENTATION

FRAME WORK & HYPOTHESES



- H0: Operating Profit has a negative effect to performance bank.
- H1: CAR has a positive impact to performance bank.
- H3: Liquidity has a positive relation effect with performance bank.
- H4: Net Interest Margin (NIM) has a positive related to performance bank.
- H5: Bank Size has a positive effect on performance bank.

Presentation by Citra Minash Solekha | Accounting | 2023 | Management & Science University

Normality Result

Test Of Normality

	Mean	Skewness	Kurtosis
ROA	0.0269	1.810	1.461
BS	2.4827	-0.151	-1.202
CAR	-1.5509	-0.052	-0.232
LIQ	0.3829	1.184	-0.218
NIM	-2.7121	-0.942	0.863
Operating Profit	12.4299	0.661	-1.112

Presentation by Citra Minash Solekha | Accounting | 2023 | Management & Science University

RESEARCH QUESTION AND OBJECTIVE

OBJECTIVE

1.To test which factor influence performance of conventional Indonesia bank.
2.To investigate the most factor influence performance of conventional Indonesia bank.

RESEARCH QUESTIONS

1.Does be Independent variable influence Dependent variable?
2.Which factor most influence performance of conventional Indonesia bank?

Presentation by Citra Minash Solekha | Accounting | 2023 | Management & Science University

SUMMARY OF MEASUREMENT

Variables		Type of Scale	Measurement	Source
ROA	The Return On Assets	Ratio	Net profit / total assets	Rahmatina, Chairilisa 2020
BS	The size of the bank	Ratio	LN(Total Assets)	Rahmatina, Chairilisa 2020
CAR	Capital Adequacy Ratio	Ratio	Minimum Capital Requirements (%)	Rahmatina, Chairilisa 2021
LIQ	Liquidity	Ratio	Liquid assets / total assets	Mania 2021
NIM	Net Interest Margin or Net Return	Ratio	Differences between interest income minus interest costs (%)	Rahmatina, Chairilisa 2021
Operating Profit	Operating Profit	Ratio	Total Operating Revenue to Total Profit	Jayathilaka 2020

Presentation by Citra Minash Solekha | Accounting | 2023 | Management & Science University

LITERATURE RIVIEW

VARIABLE	DEFINITION	REFERENCES
Bank Size (BS)	expanding bank size can boost bank profitability and improve performance	Ali, M., & Puah, C. H. 2018
Capital Adequacy Ratio (CAR)	Provide banks with the security, the bank need to maximise their operations and prevent further losses.	Ichsan, Suparmin, Yusuf, M., Ismal, and Sitompul, 2021
Liquidity (LIQ)	The liquidity ratio of a bank determines and demonstrates the bank's capacity to fulfil its current responsibilities	Mania Ben Ltaifaa, Hany A Salehb, and Abdelkader Derbali, 2021
Net Interest Margin (NIM)	used for calculating how much net interest income a bank receives in relation to its earning assets	Rahmatina Awaliah Kasri, Chairilisa Azzahra, 2020
Operating Profit	Managers depend significantly on operating profit when making decisions since it indicates the revenues and costs they have control over.	J.Jayathilaka, A .K.2020

RESEARCH METDOTOLOGY

Sampling Technique

This study is a quantitative research.

Data collection method

The secondary data obtained from published statements of accounts of all commercial banks in Indonesia, OJK, Official Website, IMF and World Bank publications for 10 years from 2012-2021.

Population conventional bank in Indonesia. The sample of this study is the 12 bank.

Presentation by Citra Minash Solekha | Accounting | 2023 | Management & Science University

APPENDIX D: RUBIC