

ABSTRACT

The importance of the Banks' roles in Indonesian Economy, where this country adheres Bank Based System is the system that its capital system source from credit that give from bank. Bank's efficiency on bank's performance is important too on selected the appropriate strategy to face competition with internal industry or external industry. This research aim to analyze the performance efficiency on bank industry in Indonesia on 2014 with used Data Envelopment Analysis (DEA).

DEA method is optimization mathematic program that count technique efficiency from Decision Making Unit and to compare relatively with other DMU. The strength side of this method is can identify unit that used as reference, can put many input and output variables, not need functional relationship assumption between variables, and not take it as a problem the different of unit on its variables. This research used DEA method with CCR model that input oriented.

This research object 107 commercial banks that listed on Bank Indonesia on 2014. This research split into two groups, from its types and its activity. This research used annual report that have been published by Otoritas Jasa Keuangan (OJK). Input variables that used are deposit, employee fee, and fixed asset than its output variables are loan and non interest income. Both variables used intermediation approach.

This research showed that on 2014 commercial banks' performance in Indonesia are inefficient with mean value 0,318 (on scale 1). It mean that commercial bank in Indonesia can't do its intermediation function efficiently. There are 5 banks that have optimal efficiency value (efficiency = 1). From group type, foreign banks are the group with the best performance efficiency with mean value 0,642. Than, bank group from it business activity that have the best efficiency performance are BUKU 2 group with efficiency value 0,327.

Based from this research to increased efficiency value, Bank should decrease fixed asset and employee fee to result output value or bank should result more output value with amount output it has. Bank that haven't efficient can reference into Bank that already efficient.

Keywords: commercial bank, CCR, DEA, efficiency, input-oriented