

ABSTRACT

Efficiency in the world of banking is currently a major and popular performance parameter, widely used because it is able to answer difficulties in measuring banking performance. The purpose of this study is to find out which banks are efficient in carrying out their business activities, and what factors influence the efficiency of conventional commercial banks both listed on the Indonesia Stock Exchange (IDX) and those that have not been registered in the period 2008-2017.

In this study, the method used is the parametric method namely Stochastic Frontier Analysis (SFA) assuming efficiency gains. The variables used in this study are for output in the form of loans, securities and non-interest income. While the input variables are labor costs, interest expense and physical capital prices. And one environmental variable is the annual inflation rate.

The object of this study includes all conventional commercial banks with a total of 80 banks in the period 2008 - 2017 obtained using the purposive sampling method, the reporting period used is annual. As a result, in groups, BUKU IV banks are the most efficient, while individually, BCA banks become the most efficient bank with the highest score.

Keywords : *Stochastic Frontier Analysis, Profit Efficiency, Commercial bank*