ABSTRACT

Banks in their daily life need to show their work performance so that users of bank services can see whether a bank is good or not and can increase interest in bank users, both creditors, the public, entrepreneurs, or people who use bank services. Financial performance is an assessment carried out to determine the extent of the company's condition by using comparisons and applicable rules. If a bank has good financial performance, the customer's trust in the bank will be high. Measurement of financial performance in this study using financial ratios.

This study aims to determine the effect of liquidity ratios, solvency and profitability on financial performance either simultaneously or partially. Liquidity ratio using Loan to Deposit Ratio (LDR), solvency ratio using Capital Adequacy Ratio (CAR), profitability ratio using Operating Expenses/Operating Income (BOPO), and financial performance using Return On Assets (ROA).

This study uses secondary data collected from the financial statements of Regional Development Banks for the BUKU 1 category for the period 2012-2019. The sample selection was determined by the saturated sampling method with the number of samples obtained as many as 4 samples with a total of 32 observations, but there were outliers that made the data abnormal as much as 2 data, so that the research data left 30 observations. The analysis used in this research is descriptive analysis and multiple regression analysis.

The results of the analysis show that the liquidity ratio (LDR), solvency ratio (CAR), and profitability ratio (BOPO) simultaneously have a significant effect on financial performance (ROA). The liquidity ratio (LDR) and solvency ratio (CAR) partially have no effect on financial performance (ROA) while the profitability ratio (BOPO) partially has a negative effect on financial performance (ROA).

The results of this study are expected to be used as a reference for further researchers. In addition, this research can be input for bank management to pay attention to the factors that affect financial performance, so that performance can be improved.

Keywords: Liquidity, Solvency, Profitability, Financial Performance