ABSTRACT

Banking is a company that has the authority to make deposits and distribute credit to the public, in distributing credit there is a credit risk or non-performing loan. Credit risk or non-performing loans can affect the performance and soundness of the bank.

This study aims to determine the effect of Return on Assets, Capital Adequacy Ratio, Loan to Deposit Ratio on Non-performing Loan case studies on financial companies in the banking sub-sector listed on the Indonesia Stock Exchange (IDX) in 2016-2019.

The data used in this study were obtained from financial statement data. The population in this study are banking companies listed on the IDX. The sample selection technique used was purposive sampling and obtained 42 companies with the 2016-2019 research period so that there were 168 samples. The data analysis method in this study is panel data regression analysis using Eviews version 10 software.

The results of this study are Return on Assets, Capital Adequacy Ratio, Loan to Deposit Ratio simultaneously on Non-Performing Loans. Return on Assets and Capital Adequacy Ratio partially negative effect on Non-performing Loan. Loan to Deposit Ratio has no partial effect on Non-performing Loans.

Suggestions for further research are to add and test several other variables that are thought to affect non-performing loans (NPL) such as Net Interest Margin (NIM), Return on Equity (ROE), Operating Costs of Operating Income (BOPO), GDP Growth, company size, and other variables. Further research can also add years to the object of research.

***Keywords**: Non-performing Loans, Return on Assets, Capital Adequancy Ratio, Loan to deposit ratio.*