ABSTRACT

In general, a bank is an institution used for activities to collect and distribute funds from the public, from these activities banks can earn profits in the form of interest differences from loans and deposits, besides that banks are used by the government to control economic conditions. Due to the COVID-19 pandemic, which began in early 2020, banks in Indonesia experienced a decline in financial performance. Financial performance is a description of a condition within a certain time related to aspects of fund collection and distribution of funds which are generally measured by indicators of capital adequacy, profitability, and liquidity.

This study has three variables that affect the financial performance of banks, namely liquidity risk, credit risk and market risk. This study aims to determine the effect of liquidity risk, credit risk and market risk on the financial performance of commercial banks in 2019 to 2020. The object of this study is a commercial bank listed on the Indonesia Stock Exchange. The period in this research is from 2019 to 2020.

This study uses quantitative methods. The total population in this study were 43 banks. With purposive sampling method, obtained a sample of 38 banks with a period of 3 years so that 144 samples are obtained, but there are outlier data as many as 10 companies so that the sample is 28 companies with a period of 3 years, the number of samples used is 84 samples. The analytical method used in this study is the panel data regression analysis method using Eviews 12 software.

The results of this study indicate that liquidity risk, credit risk and market risk simultaneously affect the financial performance of banks listed on the Indonesia Stock Exchange from 2019 to 2021. Partially, liquidity risk has no effect on banking financial performance, credit risk has a negative effect on performance. financial and market risk have a positive effect on financial performance.

Suggestions for investors are advised before making a decision please pay attention to credit risk factors and market risk because they affect the financial performance of banks. The higher the credit risk, the lower the financial performance of a bank and the higher the market risk, the higher the financial performance of a bank. For banks, it is expected to be able to identify risks that may arise in carrying out business activities. In this study, what needs to be considered are credit risk and market risk which have an influence on financial performance.

***Keywords**: credit risk, financial performance, liquidity risk, market risk*