

ABSTRACT

The banking industry in Indonesia faces dynamic challenges due to rapid technological advancements and volatile global economic conditions. PT Bank XYZ, a private Japanese bank operating in Indonesia, has experienced significant fluctuations in financial performance over the past eight years. Profitability, measured by Return on Assets (ROA), has shown negative values in several periods. These fluctuations prompted the company to implement strategic improvements such as the Kaizen Project and enhanced credit management to improve operational efficiency and increase net income.

This study investigates the influence of the Kaizen Project, credit disbursement, Letter of Credit (L/C), foreign exchange (forex), and capital structure on the profitability of PT Bank XYZ, using Return on Assets (ROA) as a performance measure. Employing a quantitative approach and multiple linear regression analysis with data from 93 monthly observations between 2017 and 2024, the findings reveal that the Kaizen Project, credit provision, and capital structure significantly impact profitability. The Kaizen Project enhances operational efficiency through process automation and work-life balance initiatives, while selective and well-controlled credit granting contributes to stable interest income. The capital structure, measured by the Debt to Asset Ratio (DAR), also influences profitability, indicating the importance of balanced debt usage. Conversely, Letter of Credit and foreign exchange transactions do not show a significant impact, suggesting limited contribution of fee-based income and mitigated exchange rate risks. The study highlights the relevance of strategic internal initiatives and prudent financial management in improving bank profitability, while also identifying areas for further exploration in banking performance research.

Keywords: Kaizen Project, Lending, Letter of Credit, Foreign Exchange, Capital Structure, Profitability