ABSTRACT

Banking Financial Performance is one of the things that can describe the condition of a bank company and can be taken into consideration by investors in investing. The ratio used in this study is Return On Assets (ROA) to measure the ability of banks to obtain overall profits from total assets owned.

In this study the author aims to examine the effect of the implementation of credit risk management which is proxied by Non Performing Loans (NPL), liquidity risk which is proxied by Loan to Deposit Ratio (LDR) and operational risk which is proxied by Operational Costs (BOPO) on banking financial performance at 10 Banks the largest in Indonesia based on total assets in 2017 for the period 2013-2017.The data used is data obtained from financial statements that are recorded on the Indonesia Stock Exchange.

The population in this study are 10 of the largest banks in Indonesia based on total assets in 2017. The selection of samples used was purposive sampling and obtained 10 banks with a research period in 2013-2017. The method of data analysis in this study is panel data regression analysis using Eviews version 9 software.

Based on the results of the study, the credit risk variable (NPL), liquidity risk (LDR) and operational risk (BOPO) have a simultaneous effect on banking financial performance (ROA). While partially credit risk (NPL) and liquidity risk (LDR) have no effect on banking financial performance (ROA) and operational risk (BOPO) affect financial performance.

The results of this study suggest that each bank must oversee and update the implementation of risk management, especially operational risk so that the financial performance of the bank can continue to grow from year to year.

Keywords: Implementation of risk management, credit risk, liquidity risk, operational risk, financial performance