ABSTRACT

The measurement of banking performance can be measured using financial ratios, one of which is the profitability ratio. The profitability ratio used to describe the extent to which the rate of return of all assets owned is Return On Assets (ROA). ROA is a ratio that shows the results (return) on the total assets used in the company. In addition, ROA provides a better measure of the company's profitability because it shows the effectiveness of management in using assets to generate revenue.

The purpose of this study was to determine the effect of liquidity risk, managerial ownership and institutional ownership on profitability as measured using ROA either partially or simultaneously. The population in this study are banking companies listed on the Indonesia Stock Exchange in 2014-2018. The total sample obtained from the reduction using purposive sampling technique was 45 samples. This research uses quantitative methods with descriptive research type and hypothesis testing. The research hypothesis was tested using descriptive statistical analysis and panel data regression analysis using Eviews 9 software.

The results of this study indicate that the variable Liquidity Risk (LDR), Managerial Ownership, and Institutional Ownership simultaneously have a significant effect on Profitability (ROA). Partially, the Managerial Ownership variable has a significant but negative effect on Profitability (ROA). Meanwhile, the Liquidity Risk (LDR) and Institutional Ownership variables did not have a significant effect on profitability (ROA).

Keywords : Liquidity Risk, Managerial Ownership, Institutional Ownership, Profitability