

ABSTRACT

Sustainable growth is the optimal growth rate of a company by utilizing internal revenue without relying on external financing sources, as well as characterizing the ideal growth rate from a financial perspective based on the specific conditions and plans of the company. In the banking sector, this concept plays a strategic role in achieving ideal profit levels while contributing value to stakeholders.

The purpose of this study is to determine the influence of Capital Adequacy Ratio, Profitability, Non-Performing Loans, and Financial Flexibility on the Level of Sustainable Growth. The research object is conventional commercial banks listed on the Indonesia Stock Exchange for the period 2019-2024. The method used in this study employs sampling techniques with purposive sampling, resulting in 25 companies with a total of 139 observation data.

The phenomenon that occurs in the case of the level of sustainable growth has occurred in several public companies in the banking sector, which often takes the form of a decrease in company profits. As a result of the pandemic, the profits of a number of banks have decreased.

The results of this study indicate that the capital adequacy ratio, profitability, non-performing loans, and financial flexibility simultaneously influence the level of sustainable growth. Partially, the profitability variable has a positive effect on the level of sustainable growth, while non-performing loans have a negative effect on the level of sustainable growth. However, the capital adequacy ratio and financial flexibility variables do not influence the level of sustainable growth.

The research implies that companies can improve their profit-making ability while controlling non performing loans to achieve sustainable growth. In addition, companies can utilize capital effectively and maintain financial flexibility to achieve optimal sustainable growth.

Keywords: Capital Adequacy Ratio, Financial Flexibility, Non-Performing Loans, Profitability, and Sustainable Growth Rate.