The Relationship Between Capital Adequacy Ratio and Loan to Deposit Ratio Towards Return on Asset of Banks Listed at Infobank15 of Indonesian Stock Exchange

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Abstract

The existence of banks is very important for today’s society. Banks can manage the financial traffic and control the economic growth. Bank is a financial intermediary that receives savings from the community in the form of savings, demand deposits, deposits, and others; then the funds are collected and channeled back to the community in the form of loans or credit. However, banks still need to gain profit. The study explored the effect of the adequacy of banks capital and the ratio between loan and deposit towards the return on asset of banks. The study is conducted on banks listed INFOBANK15 index at Indonesian Stock Exchange. Eight banks listed from the index were studied and data were obtained from PT, Capital Market Electronic Library. The variables used in the study is independent variables consists of Capital Adequacy Ratio & Loan to Deposit Ratio and dependent variables consist of Return on Asset from year 2012-2016. The study used statistical method to process and to analyze the data. They are: descriptive statistics, correlation analysis, normality test, and regression analysis. The results showed that there is no significant relationship between CAR, LDR and ROA with F-statistic of 0.250581 and probability 0.779659. R-square is 0.013364 that shows only 1.33364% of independent variables can explain the variation in dependent variables.

Keywords: *Capital Adequacy Ratio, Loan Deposit Ratio, Return on Asset*