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Factors Affecting The Financial Performance of State-Owned Enterprise Companies Listed on the IDX

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ABSTRACT

This study aims to identify variables that affect the performance of banking companies listed on the IDX. The addition of the Ownership Composition variable as an independent variable is a novel part of this research. This research method involves collecting data from 22 banking companies over a five year period (2018–2022), and applying data processing analysis using panel data regression analysis techniques. The research results found that the capital adequacy ratio had an effect on Bank Performance. Likewise with the variables Non-performing loans, Liquidity Ratio, Bank Size, Market power, Gross Domestic Product, Inflation rate, and Ownership Composition which influence the performance of banking companies. The implication for financial managers is to choose the best way to utilize assets to achieve business goals, especially to improve shareholder welfare. This research emphasizes how important company performance is for investors when choosing investment opportunities in banking companies.

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Introduction

The banking industry plays a crucial and strategic role as the lifeblood of the economic system. Bank has the function as institutions that carry out activities to collect funds and channel them back to the community or a particular organization in the form of

credit or other forms to improve people's living standards [1]. Banks are also institutions to facilitate payment traffic. However, Indonesian Banks are not invulnerable from the problems caused by the economic crisis. They are required to survive and develop in achieving their goals. One way to measure whether the operational activities and performance of a bank are running well or vice versa, it can be seen from financial performance. Its assessment is an important thing that needs to be evaluated by banks, whether there is a decrease or increase results in each year. Company performance assessment is an important strategy in measuring Bank Performance, especially through financial ratio analysis. One of the methods used is high ROA & ROE indicating the effectiveness of financial management and the company's ability to obtain finance [2]. The condition of a bank's financial performance is in the interests of all related parties, including bank owners, managers (management), the public using bank services, Bank Indonesia as the bank supervisory authority, and other parties. The impact of the Covid-19 pandemic at that time had caused a negative impact on the global economy. For the banking industry, the Covid-19 pandemic has had a different impact on each business segment. The impact in question is potential income both before and during the ongoing Covid-19 pandemic. One of the key indicators in evaluating a company's financial performance can be proxied through ROA & ROE [3]. The use of financial ratios such as Return on Assets (ROA) and Return on Equity (ROE) as proxies to measure a company's financial performance can be supported by several reasons such as reflecting the company's ability to generate net profit from owned assets and invested capital and providing an indication of management efficiency.

Every bank in Indonesia must increase its CAR (Capital Adequacy Ratio) value in order to improve its performance [4]. When the CAR value increases, the performance of the bank will also increase, and vice versa [3]. CAR has a positive impact on ROE, which means that a higher CAR value tends to increase ROE [19]. However, CAR has a negative impact on ROA, indicating that an increase in CAR may lead to a decrease in ROA [20]. Bank Performance is considered an analysis carried out to see the achievement of bank

success in its overall management, which is adjusted to the rules for proper and correct financial implementation. Furthermore, banks must also continue to increase the value of ROA (Return on Assets) and ROE (Return on Equity) [5]. When the ROA and ROE values increase, the bank's performance will also increase, and vice versa [3]. Likewise, the NPM (Net Profit Margin) and NIM (Net Interest Margin) values must continue to increase in every banking company [6]. When both values increase, the bank's performance on its financial indicators will also increase, and vice versa [3].

When the Credit Risk value increases, it will have an impact on reducing Bank Performance (Singh, 2024a). Meanwhile, when the costs increase, the bank's income will decrease, which will also reduce the Bank Performance, and vice versa. According to [3], the Liquidity Ratio is said to be good if the company has a ratio above 1.0. On the other hand, if the nominal Liquidity Ratio is below 1.0 (for example 0.9, 0.8, etc.), then the company is declared to be experiencing liquidity or is having problems in terms of fulfilling its obligations. This can be used as a consideration of a company's financial condition, which is not good [7]. ROE and ROA are also influenced by CAR, as demonstrated in studies on the South Asian commercial banks [22] and deposit banks in Turkey [21]. ROA is influenced by Cost inefficiency, as highlighted in a study on bank performance in Indonesia, where inefficiencies in cost management negatively impact the return on assets [23]. Additionally, the ratio of Total costs to Total income has a positive impact on bank performance, as found in research on the Turkish banking sector [24]. This indicates that as total costs increase relative to income, both ROA and ROE can be affected. Therefore, it can be concluded that total cost management plays a crucial role in determining the profitability of a bank, influencing both ROA and ROE.

The higher the value of the Liquidity Ratio, the better the company's ability to pay its short-term debt or current debt. In addition, the Liquidity Ratio value is also influenced by Ownership Composition [8]. Share ownership in a company can increase the liquidity value of company assets. This is based on previous research that supports the main research

in this study, namely by (Pinto et al., 2024). However, the Liquidity Ratio has been found to have a negative impact on ROA according to a study on Jordanian commercial banks [25]. Similarly, another study indicates that the Liquidity Ratio negatively affects both ROA and ROE [26]. Furthermore, Bank Size is considered as a Bank Size or a ratio used to determine the size of the wealth owned by a bank, which can be seen from the total assets it owns. The larger the Bank Size, the higher the performance of the bank, and vice versa [3]. However, a study concluded that smaller and medium-sized banks exhibit higher overall performance compared to large banks, supporting the hypothesis that smaller bank assets are associated with higher profitability [29]. On the other hand, Market Power must always be developed by every bank [9]. However, the relationship between market power and financial stability suggests that banks with less competition, like those in Vietnam, tend to be less stable, supporting the 'competition-stability' view [27]. Additionally, Market Power has been found to negatively impact bank profitability, as evidenced by studies on banks in Montenegro and Serbia [28]. If Market Power continues to develop, the Bank Performance will also develop and increase in size, and vice versa [3].

Higher Inflation has a significant impact on bank performance, as it increases the costs of obtaining funds for governments, businesses, banks, and individuals [3]. The results of descriptive statistics show that the banks' performance in Jordan has increased gradually during the period 2015 to 2018, indicating that the banking sector performed efficiently during this period, regardless of the increasing inflation rate in the country. However, there is a strong and negative relationship between inflation rate and banks' performance [33]. Additionally, empirical results exhibit that inflation expectation is instrumental in determining the banking sector's performance, with a significant positive impact on accounting-based measures of banking performance, while showing a negative impact on marketing-based measures [34]. This shows that high inflation can reduce the amount of banking income. Meanwhile, there is a GDP (Gross Domestic Product) value, which also influences Bank Performance. If the GDP value increases, this will be followed by an

increase in people's income so that the ability to save will also increase, and vice versa [3]. A study based on a panel database including 13 European Union countries over 18 years (2000-2017) reveals a positive and significant relationship between ROA or ROE and GDP growth, while other independent variables have a lesser influence on ROA or ROE [31]. Additionally, it was found that during normal times, credit growth tends to be more important for bank profitability than GDP growth. The financial cycle appears to predict bank profitability better than the business cycle. Furthermore, increases in sovereign risk premia significantly reduce bank profits, highlighting the importance of credible fiscal frameworks in supporting overall financial stability [32].

The COVID-19 pandemic has had a profound impact on the banking sector, revealing both vulnerabilities and areas of resilience. During this period, efficiency and competition were found to play crucial roles in shaping bank profitability. Conventional banks experienced greater profitability impacts from efficiency and competition compared to their Islamic counterparts. Despite the overall challenges posed by the pandemic, efficient banks demonstrated more resilience, though this efficiency also led to increased risk appetite. This paradox highlights the complex interplay between operational efficiency and financial stability during crises. The pandemic underscored the need for regulatory reforms aimed at enhancing efficiency while managing risks effectively, as these measures are essential for mitigating the adverse effects of such global crises on the financial sector [35].

This research analyzed the additional novelty, namely the Ownership Composition variable, which is in line with the findings [3]. The ownership structure and shareholder composition of a company can influence management policies and decision-making [10], including in terms of liquidity management. Total Shareholders' Equity has also been found to have a positive effect on both ROE and ROA, indicating that higher equity levels can enhance a bank's financial performance [30]. It shows that Ownership Composition has an influence on the Liquidity Ratio. The aim of this research is to find factors influencing the financial performance of banking companies. This study investigated various banking

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companies that have been listed on the Indonesia Stock Exchange (BEI) during the period 2018 to 2022.

Method

This research is quantitative research. The population in this study consisted of 47 banking companies listed on the Indonesia Stock Exchange (IDX) during the 2018-2022 period. The sampling technique used was purposive sampling, which resulted in 22 valid samples. This means the total number of samples over the 5-year period was 110. The research data were obtained from secondary data taken from the published annual reports of the selected banking companies, which can be viewed on the IDX website. This method approach ensures that the sample used accurately represents the population of banking companies listed on the IDX, and is in accordance with the research framework. This research used panel data regression analysis method with E-views 10 software.

Results and Discussion

In this research, the sampling method used was purposive sampling. The type of data used in research is quantitative. The data sourced from the Indonesian Stock Exchange website (https://www.idx.co.id/) and from the websites of each company. The sample from this research involved 110 financial reporting periods, consisting of 22 banking companies for 5 years (2018-2022 period).

Table 1. Results of Panel Data Regression Anlysis Random Effect Model

Variable	ROA Model		ROE Model		Conclusion
	COEFF	PROB	COEFF	PROB	
(1)	(2)	(3)	(4)	(5)	(6)
Constant	-0.021627	0.5047	-0.298219	0.1362	No significant effect

Capital Adequacy Ratio	-0.003188	0.4524	-0.060128*	0.0527	Has a significant negative effect on ROE and no significant effect on ROA
Credit Risk	0.001800	0.7626	-0.001894	0.9661	No significant effect
Total Cost	0.000021	0.1836	0.000104	0.2576	No significant effect
Liquidity Ratio	-0.003767	0.3454	-0.003008	0.9064	No significant effect
Bank Size	0.000794	0.4433	0.010396	0.1047	No significant effect
Market Power	0.051383*	0.0744	0.267887	0.1188	Has a significant positive effect on ROA and no significant effect on ROE
GDP Growth	0.023675	0.1772	0.206070	0.1179	No significant effect
Inflation Rate	0.071416*	0.0207	0.369404	0.1093	Has a significant positive effect on ROA and no significant effect on ROE
COVID	-0.000847	0.3875	0.002372	0.7374	No significant effect
Ownership Composition	0.004189	0.3877	0.020296	0.5328	No significant effect

Source: Processed Data, EVIEWS 13

Capital Adequacy Ratio and Bank Performance

From the results provided, the p-value for the ROA model is 0.4524, which means the value is greater than the 10% significance level. Therefore, there is not enough evidence to reject the null hypothesis, which means there is not enough statistical evidence to support that CAR has a significant influence on ROA. However, for the ROE model, the p-value is 0.0527 or less than the 10% significance level, which means that there is sufficient evidence to support the influence of CAR on ROE. This is not in line with Singh (2024), who states that the Capital Adequacy ratio has a positive effect on Bank Performance. In the context of Bank Performance analysis, its financial success and stability is often measured by the

Capital Adequacy Ratio (CAR), an indicator that describes a bank's ability to bear risks with existing capital.

Credit Risk and Bank Performance

The regression results show that Credit Risk does not have a significant influence on Return on Assets (ROA) and Return on Equity (ROE), with a p-value greater than the significance level set at 10%. The p-value for the ROA model is 0.7626 or more than 10% and the p-value for the ROE model is 0.9661 or more than 10%. This is not in line with research by Ida (2023) and Agustin et al. (2022), which found that there was a negative impact of Credit Risk on Bank Performance. Even though Credit Risk is a significant factor in evaluating the financial stability and health of a bank, the regression results show that Credit Risk does not have a significant influence on Return on Assets (ROA) and Return on Equity (ROE) in this case.

Total Cost and Bank Performance

The regression results show that Total Cost does not have a significant influence on Return on Assets (ROA) and Return on Equity (ROE), with a p-value greater than the significance level set at 10%. The P-value for the ROA model is 0.1836 or more than 10% and the p-value for the ROE model is 0.2576 or more than 10%. This is not in line with research by Asy'ari & Dahlia (2015), which found that Total Costs have a positive effect on Bank Performance. On the other hand, Total Cost has no influence on Return on Assets (ROA) and Return on Equity (ROE) that can be caused by several things.

Liquidity Ratio and Bank Performance

The regression results show that the Liquidity Ratio does not have a significant influence on Return on Assets (ROA) and Return on Equity (ROE), with a p-value greater than the significance level set at 10%. The p-value for the ROA model is 0.3454 or more

than 10% and the p-value for the ROE model is 0.9064 or more than 10%. This is not in line with research by Permatasari et al. (2022) and Fasa et al., (2022a), which found that there is a positive influence of Liquidity Ratio on Bank Performance. Even though the Liquidity Ratio is an important measure of a bank's ability to fulfill its financial obligations quickly and efficiently, its variable does not significantly influence Bank Performance in terms of ROA and ROE.

Bank Size and Bank Performance

The regression results show that Bank Size does not have a significant influence on Return on Assets (ROA) and Return on Equity (ROE), with a p-value greater than the significance level set at 10%. The p-value for the ROA model is 0.4433 or more than 10% and the p-value for the ROE model is 0.1047 or more than 10%. This is not in line with research conducted by Fasa et al. (2022a), which states that there is a positive influence of Bank Size on Bank Performance. There are several reasons why banks' size may not affect their financial performance as expected.

Market Power and Bank Performance

From the results provided, the p-value for the ROA model is 0.0744, which means the value is smaller than the 10% significance level. Therefore, there is sufficient evidence to reject the null hypothesis, which means that Market Power has a significant influence on ROA. The coefficient value for the ROA model is positive, making Market Power has a significant and positive influence on ROA. However, for the ROE model, the p-value is 0.1188, which is more than the 10% significance level. It means that Market Power has no significant influence on ROE. This is in line with research by Singh (2024) and Afandi, M., & Erdayani (2022), which states that there is an influence of Market Power on Bank Performance. Market Power has a significant and positive influence on Return on Assets (ROA) but does not have a significant influence on Return on Equity (ROE).

GDP Growth and Bank Performance

The regression results show that GDP Growth does not have a significant influence on Return on Assets (ROA) and Return on Equity (ROE), with a p-value greater than the significance level set at 10%. The p-value for the ROA model is 0.1772 or more than 10% and the p-value for the ROE model is 0.1179 or more than 10%. This is in line with research by Singh (2024), which states that there is a positive influence of GDP Growth on Bank Performance. GDP Growth does not have a significant influence on banks' Return on Assets (ROA) and Return on Equity (ROE), which can be caused by several things.

Inflation Rate and Bank Performance

From the results provided, the p-value for the ROA model is 0.0027, which means the value is smaller than the 10% significance level. Therefore, there is sufficient evidence to reject the null hypothesis, which means that the Inflation Rate has a significant influence on ROA. The coefficient value for the ROA model is positive, so the Inflation Rate has a significant and positive influence on ROA. However, for the ROE model, the p-value is 0.1093, which is more than the 10% significance level. This means that the Inflation Rate has no significant influence on ROE. This is in line with research by Laan et al., (2022a) which states that there is a positive influence of the Inflation rate on Bank Performance. The Inflation rate, which has a significant and positive influence on Return on Assets (ROA) but does not have a significant influence on Return on Equity (ROE), can be explained by several factors related to the impact of Inflation on bank financial performance.

Covid-19 and Bank Performance

The regression results show that Covid-19 does not have a significant influence on Return on Assets (ROA) and Return on Equity (ROE), with a p-value greater than the significance level set at 10%. The p-value for the ROA model is 0.3875 or more than 10% and the p-value for the ROE model is 0.7374 or more than 10%. This is not in line with

research by Hidayat et al. (2023), which states that there is a negative influence of Covid-19 on Bank Performance. The Covid-19 pandemic did not affect bank financial performance, especially Return on Assets (ROA) and Return on Equity (ROE).

Ownership Composition on Bank Performance

The regression results show that Ownership Composition does not have a significant influence on Return on Assets (ROA) and Return on Equity (ROE), with a p-value greater than the significance level set at 10%. The p-value for the ROA model is 0.3877 or more than 10% and the P-value for the ROE model is 0.5328 or more than 10%. This is not in line with research by Kumar et al. (2020), which states that there is a negative influence of Ownership Composition on Bank Performance. Ownership Composition, which does not have a significant influence on bank financial performance, such as Return on Assets (ROA) and Return on Equity (ROE).

Discussion

In theory, a high CAR is expected to have a positive impact on Bank Performance, indicating its security and stability. However, the regression results show that CAR has no influence on Return on Assets (ROA) and even has a negative influence on Return on Equity (ROE). This may be caused by several factors. One of them is the lack of efficiency in allocating capital owned by banks, where even though capital is available in adequate amounts, its allocation and use is not optimal to produce maximum profits so that it actually has a negative effect on ROE. In addition, banks may also take high risks in an effort to increase ROA, but these risks are not always comparable with the rate of return generated. Other factors, such as bank capital structure and market and economic conditions can also influence the correlation between CAR and performance.

There are several reasons why Credit Risk does not have a direct effect on bank financial performance in terms of ROA and ROE. First, banks that have exposure to high Credit Risk may have taken steps to mitigate its risk, such as establishing sufficient reserves

or diversifying their credit portfolio. Although high Credit Risk can lead to losses, effective risk management can help banks reduce its negative impact on ROA and ROE. Additionally, the direct impact of Credit Risk may not always be immediately visible in a bank's financial performance. For example, losses caused by a deterioration in the quality of credit assets may take time to be reflected in the bank's profits and equity. Therefore, in regression analysis, when Credit Risk is not found to have a significant impact on ROA and ROE at the specified level of significance, this may indicate that other factors, such as operational efficiency or investment strategy that may have a greater impact on bank finance performance in this case.

One of the components with the highest proportion in Total Costs is operational costs. Although these become an important part of bank management, in some cases, increasing or decreasing costs does not directly impact the returns generated by the bank. This increase several questions of why high operational costs are not reflected in the bank's financial performance. One explanation might be that banks have reached a high level of operational efficiency, where high costs are no longer a direct indicator of a lack of efficiency. Banks have also adopted effective management practices, used advanced technology, and optimized their cost structures so that high costs are no longer a significant obstacle in generating good ROA and ROE. Additionally, banks with the good income diversification or stable cash flow may be less affected by fluctuations in operating costs. In this context, although Total Cost remains an important consideration in bank management, the regression results show that in some cases, there is no significant correlation between Total Cost and bank financial performance at the specified level of significance.

Besides, there are several reasons why the Liquidity Ratio does not have a direct influence on bank financial performance in terms of ROA and ROE. First, a high level of liquidity may indicate that the bank has a large amount of assets available in the form of cash or short-term investments. However, these assets may not always produce optimal returns. For example, banks may choose to hold large amounts of liquid assets that generate low rates

of return, which in turn may affect their ROA. Additionally, banks may also allocate their assets inefficiently, weighing too much on liquidity rather than investing it in assets that generate greater returns. In such situation, although liquidity levels may be high, the impact on ROA and ROE may be limited. Therefore, the regression results show that the Liquidity Ratio does not have a significant influence on ROA and ROE and may indicate that in this context, liquidity is not the main factor influencing bank financial performance**.**

There are several reasons why banks' size may not affect their financial performance as expected. First, larger banks may face challenges in managing the scale of their operations efficiently, which may reduce the effective use of assets and capital. Moreover, Bank Size may also no longer be a leading indicator of competitive advantage in a changing business environment, where factors, such as product, service and technology innovation may have a greater impact on financial performance. In this context, the regression results show that in the ROA and ROE analysis, Bank Size does not have a significant influence on the specified level of significance.

This can be caused by several factors related to market structure and dynamics as well as the company's financial characteristics. First, the positive influence of Market Power on ROA may be related to the company's ability to set prices above its margin costs. Market Power can reflect a strong position in the market, where a company can generate higher profits from its operations because it can charge higher prices without losing significant market share. This can increase profits before interest expense and taxes, thereby increasing ROA. However, why Market Power does not have a significant influence on ROE can be explained by the leverage factor. ROE measures the returns earned by shareholders on the capital they invest. If Market Power does not significantly influence the company's use of debt (leverage), then ROE will not be directly affected by additional profits resulting from Market Power. In some cases, a company may choose not to leverage significant debt, so the additional benefits of Market Power are not reflected in a higher ROE level. In addition, differences in cost structure and working capital can also influence the relationship among

Market Power, ROA, and ROE. For example, if a company has high and ongoing fixed costs, the additional benefits of Market Power may be seen in a higher level of ROA but may not increase ROE much because those costs have been covered before the distribution of profits to shareholders. Thus, while Market Power can have a positive impact on ROA through increased profit margins, its impact on ROE may be more related to the use of debt, cost structure, and other financial factors that influence return on shareholder equity.

GDP Growth does not have a significant influence on banks' Return on Assets (ROA) and Return on Equity (ROE), which can be caused by several things. Although economic growth is an important indicator for understanding overall economic conditions, its effect on bank financial performance is not always consistent or direct. First, economic growth may occur in economic sectors that are not directly related to banking activities, such as the industrial or agricultural sectors. In this case, banks may not directly benefit from this growth. Second, banks may be unable to convert economic growth into significant revenues or increase lending due to other factors that limit credit demand, such as political uncertainty or unfavorable market conditions. Finally, it is possible that banks are unable to allocate resources efficiently to take advantage of economic growth opportunities, for example, due to rigid organizational structures or inflexible internal policies. Thus, although economic growth may be important for overall economic prosperity, its impact on bank financial performance can be much more complex and indirect, which is reflected in the finding that GDP Growth does not significantly influence banks' ROA and ROE.

The Inflation rate, which has a significant and positive influence on Return on Assets (ROA) but does not have a significant influence on Return on Equity (ROE), can be explained by several factors related to the impact of Inflation on bank financial performance. First, the positive influence of the Inflation rate on ROA may be related to the financial mechanisms that occur during periods of Inflation. As the Inflation rate increases, interest rates typically increase as well, which can increase a bank's net interest margin. Banks can charge higher interest rates on loans than on deposits, which in turn increases the bank's net

interest income and ROA. However, Inflation does not have a significant influence on ROE, which can be explained by the leverage factor. ROE reflects the returns earned by shareholders on the capital they invest. During periods of Inflation, bank borrowing costs also tend to increase, which can reduce the net profits available to be shared among shareholders. If a bank uses a significant proportion of debt to fund operations or expansion, increased interest costs due to Inflation can depress ROE due to increased interest expenses. In this case, the positive impact of Inflation on ROA may be offset by a decrease in ROE due to the negative effect of increased interest costs. In addition, central bank policies in responding to Inflation can also influence the relationship among Inflation, ROA, and ROE. If the central bank raises interest rates to stabilize Inflation, this can increase the bank's net interest margin and result in a higher ROA. However, increasing interest rates could also put pressure on a bank's overall financial performance due to higher borrowing costs and a potential decline in lending activity. Thus, while Inflation can have a significant and positive impact on ROA through increasing banks' net interest margins, its impact on ROE may be more related to banks' increased use of debt and borrowing costs.

The Covid-19 pandemic did not affect bank financial performance, especially Return on Assets (ROA) and Return on Equity (ROE), due to several factors. First, banks may have taken effective steps to overcome the economic impact caused by the pandemic, such as credit restructuring or increasing provisions for credit losses. These steps can help banks minimize Credit Risk and maintain the quality of their assets, which in turn can support the stability of banks' financial performance. Second, policy responses from the government and central bank can also contribute to the resilience of banks' financial performance during the pandemic. Last, unexpected macroeconomic conditions during the pandemic, such as low interest rates and changes in consumer spending patterns, may have created new opportunities for banks to expand their business or exploit growing market segments. Thus, although the Covid-19 pandemic has presented significant challenges to the financial sector, the rapid response and good adaptation of banks, along with appropriate policy support, may

have helped maintain financial performance they overall, including ROA and ROE, have been relatively stable over this period.

Ownership Composition, which does not have a significant influence on bank financial performance, such as Return on Assets (ROA) and Return on Equity (ROE), may be caused by several factors. First, bank ownership can include multiple types of shareholders, including institutional investors, individuals, and governments. However, this ownership structure may not directly correlate with the bank's management or operational strategies implemented, which influences the bank's financial performance to a greater extent. Additionally, bank's policies and strategic decisions may be influenced more by internal factors, such as senior management and the board of directors than by ownership structure. Diverse ownership may reflect different interests among shareholders, but their direct influence on strategic decision making may be limited. Besides, differences in bank ownership might not necessarily reflect differences in management quality or business strategy. Banks with diverse ownership but competent management and effective strategies might still be able to achieve good financial performance, regardless of their ownership structure.

In the study, it was found that Ownership Composition has no effect on Liquidity Ratio. This is because other factors such as bank size, profitability, credit risk, and asset-liability management can have a greater influence on bank liquidity [17]. In addition, regulatory provisions related to the minimum liquidity ratio can also determine the management of bank liquidity more than its ownership structure [18].

Conclusion

The Capital Adequacy ratio has a significant negative influence on ROE, while no influence on ROA. Meanwhile, Credit Risk, Liquidity Ratio, Gross Domestic Product appears to have no influence on Bank Performance, including ROE and ROA. In contrast, Bank Size positive lt influences both ROE and ROA. Total Costs have no influence on Bank

Performance as measured by ROE and ROA. Market Power has a significant and positive influence on ROA and do not influence on ROE. Inflation, on the orher hand, significantly and positively influence on ROA but has no influence on ROE. The impact of Covid-19 pandemic shows no significant influence on the Bank Performance, both ROE and ROA. Last, Ownership Composition has no influence on Bank Performance as reflected in both ROE and ROA.

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