

ABSTRACT

EFFECT OF CAPITAL ADEQUACY RATIO, LIQUIDITY RATIO, AND OPERATIONAL COSTS ON OPERATING INCOME ON NET INTEREST MARGIN (Empirical Study of Banking Sub-Sectors Listed on the Indonesia Stock Exchange 2017-2021)

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The purpose of this research is to assess the impact of the Capital Adequacy Ratio, Liquidity Ratio, and Operating Income Expenses on Net Interest Margin with Bank Size as an empirical variable control study in the banking sub-sector listed on the Indonesia Stock Exchange from 2017 to 2021. the sampling method employed in This study employed a purposive sampling strategy to collect 235 data from 47 samples of banking organizations that satisfied the sample requirements between 2017 and 2021. The research data was analyzed using Eviews 12, with the Fixed Effect Model being the best model. According to the findings of this study, the Capital Adequacy Ratio, Liquidity Ratio, and Operating Income Expenses all have a minor impact on the Net Interest Margin. Simultaneously, the factors Capital Adequacy Ratio, Liquidity Ratio, and Operating Income Expenses affect the Net Interest Margin, with Bank Size acting as a control variable, raising the coefficient of determination.

Keywords: *Capital Adequacy Ratio, Liquidity Ratio, Operating Costs Over Operational Income, Net Interest Margin, Bank Size*

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