

**A CO-RELATIONAL ANALYSIS OF COMMERCIAL BANK'S
OPERATIONAL INDICATORS TOWARDS CAPITAL ADEQUACY RATIO**

By

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STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

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ABSTRACT

A Co-Relational Analysis of Commercial Bank's Operational Indicators towards Capital Adequacy Ratio

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Initially under the Basel I, operational risk wasn't included in its minimum capital requirement framework. Consider the importance of the inclusion of operational risk in the framework, thus Basel II was released as an improvement to its predecessor. With the changes in the banking regulation where commercial bank's Capital Adequacy Ratio (CAR) is not allowed to drop below the level of 8%, the result may vary. Though originally Basel II intended to strengthen the soundness in banking industry, in the contrary, the inclusion of operational risk in the framework present challenge to most of banks. Hence, it is this research objective to explicate the correlation degree of each commercial bank's operational indicators selected in this thesis towards CAR. The result is expected to shown which operational indicators appears to be the most critical to control CAR at the desired level.

DEDICATION

I dedicate this thesis to my beloved parents. Their support, patience and understanding have given me the strength to complete this thesis. I also dedicate this thesis to my girlfriend. Her support, motivation and love have made the completion of this thesis possible.



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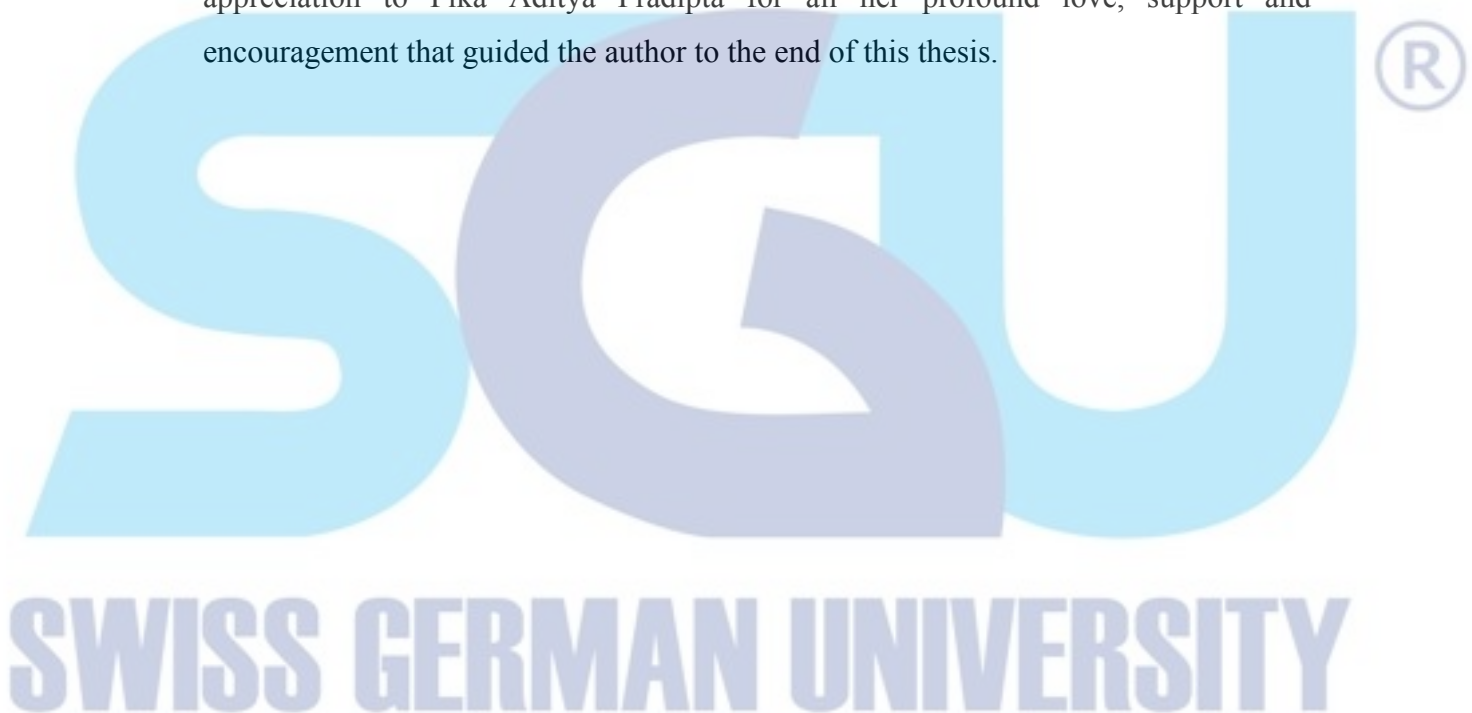


TABLE OF CONTENTS

STATEMENT BY THE AUTHOR.....	2
ABSTRACT.....	3
DEDICATION.....	4
ACKNOWLEDGMENTS.....	5
CHAPTER 1 – INTRODUCTION.....	11
1.1 Background of the Study.....	11
1.2 Research Problem.....	14
1.3 Research Purpose.....	14
1.4 Research Limitations.....	14
1.5 Significance of the Study.....	15
1.6 Research Overview.....	15
CHAPTER 2 – LITERATURE REVIEW.....	17
2.1 Bank Indonesia.....	17
2.2 Bank for International Settlements.....	18
2.3 Basel Committee on Banking Supervision.....	18
2.4 Basel I.....	19
2.5 Basel II.....	20
2.5.1 Pillar I – Minimum Capital Requirements.....	24
2.5.2 Pillar II – Supervisory Review Process.....	25
2.5.3 Pillar III – Market Discipline.....	26
2.6 Risk.....	26
2.6.1 Risk Concepts.....	28
2.7 Operational Risk.....	29
2.8 Risk Management.....	31
2.9 Capital Adequacy Ratio.....	32
2.10 Interest Revenue & Expense.....	35
2.11 Other Operating Revenue & Expense.....	35
2.12 Loan to Deposit Ratio.....	36
2.13 Previous Researches.....	36
CHAPTER 3 – METHODOLOGY.....	38

3.1 Research Process.....	38
3.2 Theoretical Framework.....	39
3.2.1 Interest Revenue towards CAR.....	41
3.2.2 Interest Expense towards CAR.....	41
3.2.3 Other Operating Revenue towards CAR.....	41
3.2.4 Other Operating Expense towards CAR.....	41
3.2.5 Dependent Variable.....	42
3.2.6 Independent Variable.....	42
3.3 Research Question and Hypotheses.....	42
3.4 Research Design.....	43
3.5 Types of Investigation.....	44
3.6 Timeframe of the Study.....	44
3.7 Types and Sources of Data.....	44
3.8 Sampling Method.....	45
3.9 Statistic Techniques.....	46
3.9.1 Multiple Regressions.....	47
3.9.2 Econometric Test.....	48
3.9.3 Statistical Test.....	49
3.9.4 Model Specifications.....	51
CHAPTER 4 – RESULT & DISCUSSION.....	52
4.1 Trend Analysis.....	52
4.1.1 Capital Adequacy Ratio.....	52
4.1.2 Operational Indicators.....	56
4.2 CAR Basel II Statistical Result.....	58
4.2.1 Model 1.....	58
4.2.1.1 Autocorrelation.....	58
4.2.1.2 Multicollinearity.....	59
4.2.1.3 Heteroscedasticity.....	60
4.2.1.4 Output Interpretation.....	61
4.2.2 Model 2.....	64
4.2.2.1 Autocorrelation.....	64
4.2.2.2 Multicollinearity.....	64
4.2.2.3 Heteroscedasticity.....	65

4.2.2.4 Output Interpretation.....	66
4.3 CAR Basel II Model Analysis	69
4.4 CAR Basel I Statistical Result	73
4.4.1 Autocorrelation	73
4.4.2 Multicollinearity	74
4.4.3 Heteroscedasticity	74
4.4.4 Output Interpretation.....	75
4.5 CAR Basel I Model Analysis.....	77
4.6 Hypotheses Summary	78
CHAPTER 5 – CONCLUSION AND RECOMMENDATION	79
5.1 Conclusion	79
5.2 Recommendation	80
5.2.1 Field Recommendation	80
5.2.2 Research Recommendation.....	81
GLOSSARY	82
REFERENCES	83
APPENDICES	87
CURRICULUM VITAE.....	103

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