

**IMPACT OF THE GLOBAL FINANCIAL CRISIS
ON TWO INDONESIAN FINANCIAL INSTITUTIONS**

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, it 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

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Global financial crisis, derived from subprime mortgage crisis in US has shown a dramatic impact worldwide. It has shown its most significant effect since mid 2007 and become a full blown financial crisis upon the collapse of Lehman Brother Inc and other international large companies. The global financial crisis has triggered falling of world stock markets, creating instability in the world economy.

The purpose of this research is to investigate the impact of global financial crisis on bank performances in Indonesia. Objects of the study are Bank Negara Indonesia Tbk. (BBNI) and Bank Mandiri Tbk. (BMRI) Performances in this case is indicated by quarterly based CAMEL ratios since Q4 2006 until Q1 2009, and the crisis variable which is represented by the US S&P500 Composite Index of Stock Prices.

A simple regression analysis was conducted to obtain the significance of the impact and a paired-sample *t*-test was accomplished to see the differences in performance between the two banks. The research findings show that BMRI's performance is significantly affected by global financial crisis, particularly on capital adequacy and liquidity position. While the BBNI performance is not. The significant differences of the global crisis impact generates significant differences in total bank's performances between the two.

DEDICATION

This thesis is dedicated to my beloved parents:

Muljani A. Nurhadi

and

Tri Yuliasuti



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