

Analysis of Net Stable Funding Ratio (NSFR) in the Banking Sector Listed on the Indonesian Stock Exchange (IDX) on Financial Performance for the Period 2018-2023

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ABSTRACT

This study aims to analyze the effect of the Net Stable Funding Ratio on the financial performance of banks listed on the Indonesia Stock Exchange in the 2018–2023 period. Financial performance is measured using two main indicators, namely Return on Assets and Return on Equity. The Net Stable Funding Ratio is one of the liquidity ratios applied under Basel III to improve the stability of long-term banking funding. This study uses a quantitative method with a simple linear regression approach to test the effect of the Net Stable Funding Ratio on bank profitability (Return on Assets and Return on Equity). The results showed that the Net Stable Funding Ratio has no significant effect on ROA or ROE of the sample banks. The low R-squared value in both models indicates that the independent variable (NSFR) explains only a small part of the variation in the dependent variables (ROA and ROE), so other factors may be more influential in determining the company's profitability. The results are expected to provide insights for investors, regulators, and policymakers in understanding the relationship between funding stability and bank profitability, as well as serve as a reference in designing a more sustainable and competitive banking strategy in the financial market.

KEYWORDS Net Stable Funding Ratio, Return on Assets, Return on Equity, Financial Performance, Banking.



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INTRODUCTION

Financial performance is an important indicator that measures the extent to which a company achieves its objectives in terms of profitability, operational efficiency, and economic growth. In the context of banking, financial performance is often evaluated based on financial ratios that reflect the health and stability of the bank. (Asutay & Ubaidillah, 2024) emphasizes that the financial performance of banks is influenced by the performance of intellectual capital, which plays a key role in improving productivity and efficiency.

Referring to studies and literature on financial performance, the most commonly used indicators are Return on Assets (ROA) and Return on Equity (ROE) (Samhan & Al-Khitab, 2015). Return on Assets (ROA) is used to assess the extent to which the company is able to generate profits from its assets, while Return on Equity (ROE) is used to assess the profit generated compared to the equity invested (Kumalasari et al., 2023). Furthermore, (Felle & Santioso, 2024) found that credit risk as well as bank-specific factors have a significant impact on financial performance. (Harsono, 2024) corroborates this view by showing that management quality and Analysis of Net Stable Funding Ratio (NSFR) in the Banking Sector Listed on the Indonesian Stock Exchange (IDX) on Financial Performance for the Period 2018-2023

firm size affect the financial stability of banks. The combination of effective risk management and prudent capital utilization is considered to be the decisive factor in maintaining stable financial performance. From these findings, it can be concluded that bank financial performance is not only the result of internal factors, but also of external conditions that demand adaptive management.

Continued discussion on financial performance, (Muhammed et al., 2024) stated that appropriate capital structure plays an important role in achieving optimal financial performance, particularly in the context of commercial banking in Ethiopia. This is in line with previous studies that show that the components of liquidity and good risk management contribute to improved financial performance. Another important aspect is innovation and adaptation to market changes, where banks must be able to innovate to meet customer needs and face competition. Skilled human resources and sophisticated information technology are also essential supporting factors in the banking operational process. Therefore, it can be concluded that financial performance reflects the bank's ability to integrate various financial and non-financial factors to achieve sustainability and sustainable growth.

In the context of developing overall financial performance in the banking sector, previous studies have shown a significant relevance between the implementation of the Net Stable Funding Ratio (NSFR) and improved financial stability and profitability. (Abbas et al., 2022) focused on the impact of Basel III's NSFR regulation on profitability and stability in Asian Islamic banks, highlighting that NSFR supports financial resilience through more stable management of the provision of funds. Similarly, research by (Setiyono & Naufa, 2021) observed that the implementation of NSFR in various global regions had positive implications on bank performance and risks faced, indicating that control over liquidity can have an impact on profitability. Furthermore, a study by (Sidhu et al., 2022) on banks in India, found that NSFR not only contributes to bank performance directly, but also enhances investor confidence by strengthening the foundation of long-term liquidity. In a broader context, research (Flotyński, 2017) illustrates how Basel III plays a crucial role in long-term liquidity standards that affect the profitability and stock price volatility of banks in the euro area. However, there are significant differences between these studies, particularly in the regional context and the type of banks that are the subject of study, suggesting variations in the impact of the NSFR depending on the operating environment and banking structure.

Continuing from the discussion on the integration of financial and non-financial factors to optimize financial performance, the study of (Shonhadji et al., 2023) explained that the role of Basel III, including NSFR, in improving banks' financial performance is closely correlated with the implementation of risk management and cost of funds. In addition, it is proposed that banks that are able to adapt Basel III provisions tend to be better at capitalizing on emerging market opportunities, in accordance with customer needs and dynamic market competition. These studies emphasize the importance of liquidity management not only as an internal management element but also as a strategy to improve the market position and competitiveness of banks. While this research highlights similar elements in the context of international regulations and standards, it should be noted that there is a research gap in the analysis of the Indonesian banking sector, particularly in the period 2018-2023. The focus of the current study is to explore how the NSFR is implemented and affects the financial performance of publicly listed

banking companies on the IDX, filling a gap in the previous literature as well as providing new insights into the implementation of liquidity policy in the domestic context.

Net Stable Funding Ratio (NSFR) is an important component in understanding how long-term funding stability affects bank performance in the face of certain periodization, especially in the context of the banking sector in Indonesia over the period 2018-2023. NSFR is designed to ensure that banks have a stable and consistent source of funds over the long term, which in turn gives banks the capacity to meet their long-term obligations without significant liquidity difficulties. This element of stability is becoming increasingly crucial in a dynamic banking landscape that is influenced by external factors such as monetary policy and market volatility. By adopting NSFR, banks are expected to manage funding risk and improve liquidity management efficiency, which are important elements in maintaining competitiveness in an increasingly competitive market. The implications of implementing NSFR are not only limited to fund stability, but also include its influence on various financial performance segments such as profitability and asset growth. In the context of the IDX, an analysis of the implementation of the NSFR can provide a more in-depth view of the alignment between international policies and domestic banking regulations, while filling the existing research gap and making a meaningful contribution to the understanding of banking liquidity governance in Indonesia. Thus, the implementation of NSFR is not just a compliance measure with international standards, but more so, as a strategy that can drive innovation in liquidity management, further supporting long-term financial stability.

Table 1. Financial statements of 11 major banks as of February 2024

Bank Code	Profit	YoY (Profit)	Credit	YoY (Credit)	Third-Party Funds (TPF)	YoY (TPF)
BCA*	12.9 T	11.70%	835.7 T	17.20%	1,120.6 T	7.90%
BRI	8 T	-3.51%	1,158 T	12.64%	1,389.46 T	10.90%
Mandiri	7.16 T	-2.98%	1,098 T	19.35%	1,209.15 T	5.77%
BNI	3.041 T	-5.90%	673.52 T	6.65%	767.016 T	9.87%
BSI	1 T	10.25%	239.54 T	15.77%	289.41 T	11.57%
CIMB Niaga	948.88 M	-4.69%	199.61 T	4.16%	246.73 T	23.61%
OCBC NISP	759.55 M	33.73%	151.1 T	10.21%	177.79 T	5.77%
BTN	555.76 M	4.40%	339.54 T	14.70%	350.51 T	10.67%
Permata	604.93 M	58.83%	140.63 T	9.90%	177.36 T	-5.74%
Panin	525.29 M	71.52%	525.29 T	71.52%	129.92 T	-57.57%
Danamon	480.44 M	-13.81%	146.16 T	20.94%	138.69 T	10.61%

Note:

BCA data is as of March 2024.

T = Trillion IDR, M = Billion IDR

TPF = Third-Party Funds (Dana Pihak Ketiga / DPK)

YoY = Year-on-Year growth

Source: <https://www.kontan.co.id/> (2025)

Judging from the phenomenon of February 2024, which was experienced by a number of large banks in Indonesia, such as Bank Danamon with a significant decline in profit of -13.81% (YoY) followed by BNI with a decline in profit of -5.90% and CIMB Niaga -4.69%. In terms of Third-Party Funds (DPK), Bank Panin experienced a drastic decline of -57.57% (YoY), which was the largest decline compared to other banks reflecting serious pressure on the banking sector (Kontan.co.id). This pressure not only affects banks' ability to raise funds, but also indicates challenges in maintaining financial stability amidst volatile market dynamics. Analysis of Net Stable Funding Ratio (NSFR) in the Banking Sector Listed on the Indonesian Stock Exchange (IDX) on Financial Performance for the Period 2018-2023

In this context, the Net Stable Funding Ratio (NSFR) becomes an important instrument to measure the adequacy of banks' stable funding, which serves as a support for long-term business activities. Analyzing the role of NSFR in maintaining financial stability and its impact on bank performance is highly relevant, especially in the midst of challenging conditions such as the 2018-2023 period. This opens up opportunities to better understand how banks can survive and adapt to external pressures and maintain customer confidence.

In line with this phenomenon, the crisis involving Silicon Valley Bank (SVB), Signature Bank, and Silvergate Bank became a major phenomenon that affected the stability of global banking. The collapse of SVB created a huge impact across the financial industry and entrepreneurial ecosystem. These events prompted American and European regulators to intensify their supervision of the banking industry due to potential systemic risks. The series of events during this period showed significant market impact. Major financial institutions, including JPMorgan Chase, Bank of America, Wells Fargo, and Citigroup, suffered a collective market capitalization loss of US\$52 billion on March 9. After SVB collapsed, other financial institutions faced severe challenges, with First Republic Bank eventually failing and PacWest Bancorp experiencing serious financial difficulties. The crisis quickly spread to the European market, culminating in the acquisition of Credit Suisse by UBS. The European banking sector experienced considerable turmoil, as evidenced by the significant decline in the Stoxx Europe 600 Banks index, which tracks 42 leading financial institutions across the European Union and the United Kingdom, during the month of March 2023. Amid growing concerns about financial contagion, Deutsche Bank shares experienced a sharp decline of up to 15 percent. On March 13, 2023, the President of the United States Joe Biden addressed the situation, emphasizing the stability of the bank and announced a guarantee for uninsured depositors. Although these guarantees boosted confidence in the sector, market volatility remained. Credit Suisse experienced a 24 percent drop in value, while the S&P 500 fell by 6 percent on March 15, reflecting the global market reaction to the tensions stemming from the SVB crisis (Giang & Dang, 2023). These events demonstrated a significant domino effect, where increased liquidity risk and interbank contagion posed a serious threat to the industry. Monetary policies such as interest rate hikes by the Federal Reserve also magnified the impact. This policy had a noticeable influence on the domino effect of banking collapse. Although global banking regulations are still considered quite effective in responding to this situation (Erer & Erer, 2024). This research is important to study, seeing that there is a significant effect of the decline in profits.

As such, the implementation of the Net Stable Funding Ratio (NSFR) is not merely a compliance measure to international standards, but more so, as a strategy that can encourage innovation in liquidity management, further supporting long-term financial stability. In line with the importance of financial stability, there is a significant possibility that adjustments in NSFR have a substantial impact on the financial performance of banks listed on the Indonesia Stock Exchange (IDX). By optimizing the NSFR, banks have the potential to improve investor confidence and operational efficiency, which can positively contribute to increased profitability and asset growth. However, the implementation of NSFR is not entirely risk-free; there may be negative consequences such as increased funding costs that may hamper banks' financial flexibility. The enhanced financing stability component through NSFR is expected to reduce

banks' vulnerability to macroeconomic fluctuations and volatile monetary policies. Therefore, an in-depth analysis of the NSFR and its implications on financial performance is necessary to ensure a holistic balance between risks and benefits. It is important to note that the successful implementation of the NSFR is highly dependent on the capacity of banks to adjust their management strategies to align with the long-term objective of financial stability. In this context, further research is needed to explore the extent to which possible improvements in financial performance can be achieved through optimizing this NSFR strategy.

Although previous studies have examined the impact of NSFR on banking stability and risk management in developed economies, there remains a limited understanding of how NSFR influences financial performance specifically in emerging markets such as Indonesia. Moreover, most existing literature has not explored the dynamic period following the implementation of NSFR regulations from 2018 to 2023. This study seeks to fill this gap by focusing on banks listed on the IDX, providing fresh insights into the post-regulatory impact of NSFR. The novelty of this study lies in its comprehensive analysis using recent financial data and its contextual focus on Indonesia's banking sector.

The purpose of this study is to analyze the effect of Net Stable Funding Ratio (NSFR) on the financial performance of several banks listed on the Indonesia Stock Exchange (IDX) in the period 2018-2023. With this focus, this study aims to make a significant contribution to the existing literature by highlighting how the implementation of NSFR may change the liquidity management landscape of Indonesian banks. In line with this, the significance of this research lies in its ability to offer new insights regarding the implementation of liquidity policies in line with international standards in the domestic context, particularly in facilitating financial stability and bank competitiveness in a dynamic market. The urgency of this study arises from the existing literature gap regarding an in-depth analysis of the implementation of the NSFR in the Indonesian banking environment during the period under study, which encompasses an important transitional period in global financial regulation. Given the rapid changes in monetary policy and macroeconomics, conducting a study on NSFR is crucial to avoid potential losses due to liquidity disruptions, and therefore, this research is urgent to ensure that banks can navigate these challenges more effectively. With the empirical contribution of this study, it is expected to provide valuable information for stakeholders in improving the efficiency of liquidity management and strengthen the bank's market position in Indonesia, thereby contributing to long-term financial stability. In addition, the findings of this research may serve as a reference for bank management in formulating strategic funding decisions, assist regulators in evaluating the effectiveness of NSFR-related policies, and guide future researchers in exploring liquidity risk mitigation in emerging markets.

RESEARCH METHOD

This study used causal associative research methods and a quantitative approach. The population consisted of 65 companies listed on the Indonesia Stock Exchange (IDX). The sample selection focused on companies that were continuously listed from 2021 to 2023 and experienced a decrease in profit/loss for two years within this period. Additionally, the companies had to include NSFR analysis in their financial statements during the study period. Using a purposive sampling technique, five companies were selected from the population of 56 eligible companies. The sample was then multiplied by the number of years studied (5 x 6), resulting in a total of 30 data points.

Table 2. Purposive Sampling Results

No	Criteria	Total	Description
1	Banking companies listed on the Indonesia Stock Exchange for the period 2018-2023	56	Accepted
2	Banking companies that experienced an increase in profit for the period 2018-2023	(34)	Rejected
3	Banking companies that experienced a decline in profits for 2 years in the 2018-2023 period	22	Accepted
4	Companies that experienced a loss for the period 2018-2023	(11)	Rejected
	Companies that experience positive profits for the period 2018-2023	11	Accepted
5	Companies with no NSFR component	(6)	Rejected
6	Companies with NSFR component	5	Accepted
7	Number of company samples	5	Accepted
8	Number of research samples 5 x 6	30	Accepted

Source: Processed by the author (2025)

This study used secondary data obtained through documentation. Financial reports from companies listed on the IDX (Indonesia Stock Exchange) were collected and archived. To examine the relationship between the independent and dependent variables, simple linear regression analysis was applied, followed by determination and t tests for hypothesis testing. The analysis was conducted using SPSS.

The independent variable (X) was the Net Stable Funding Ratio (NSFR), while the dependent variables (Y) were financial performance indicators, including Return on Assets (ROA) and Return on Equity (ROE).

Table 3. Operational Variables

Variable	Code	Formula
Net Stable Funding Ratio	NSFR	$NSFR = \frac{\text{Net Stable Funding Ratio calculated using the following formula:}}{\text{(Available Stable Funding)}} = \frac{\text{(Required Stable Funding)}}{\text{Equity} + \text{Liabs}_{>1\text{yr}} + (\text{StableDeposits}_{<1\text{yr}} \cdot 90\%) + (\text{OtherDeposits} \cdot 80\%) + (\text{StDebt} \cdot 50\%)}$ $= \frac{(\text{GovDebt} \cdot 5\%) + (\text{CorpLoans}_{<1\text{yr}} \cdot 50\%) + (\text{Mtgs} \cdot 65\%) + (\text{RetLoans}_{<1\text{yr}} \cdot 85\%) + (\text{Other} \cdot 100\%)}$
Return On Asset	ROA	$ROA = \frac{\text{Laba Bersih Sebelum Pajak}}{\text{Total Asset}} \times 100\%$
Return On Equity	ROE	$ROE = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Equity}} \times 100\%$

Source: Processed by the author (2025)

Hypothesis Development

Net Stable Funding Ratio and Return on Asset

Financial Stability Theory explains that banks that have a stable funding structure tend to be better able to manage liquidity risk and maintain their operations efficiently. Net Stable

Funding Ratio (NSFR) is an indicator of the stability of long-term funding owned by banks. When NSFR is high, banks have sufficient long-term funding sources to support their productive activities, thus increasing the efficiency of asset utilization.

According to Signaling Theory, high NSFR also gives a positive signal to investors that the bank is in a healthy condition and able to manage liquidity risk well. This creates a positive perception that can encourage improved financial performance, one of which is reflected in an increase in Return On Asset (ROA). Previous studies show that a stable funding structure contributes to the optimization of asset use and increased profitability (Dani & Widyaningsih, 2022).

H1: Net Stable Funding Ratio has a positive effect on Return On Asset.

Net Stable Funding Ratio and Return on Equity

Net Stable Funding Ratio (NSFR) also plays an important role in supporting capital stability and the ability of the company to generate profits from its capital. Within the Agency Theory framework, banks with a more stable funding structure tend to be more effective in managing the cost of funds and minimizing risk, thereby increasing net income available to shareholders (Afonso & Shin, 2011).

A high NSFR reflects the bank's ability to maintain a balance between long-term funding and liquid assets, which in turn maximizes the efficiency of capital utilization (van den End, 2009). Based on Signaling Theory, this condition provides a positive signal to investors regarding management's ability to manage finances prudently, which in turn increases market confidence and increases Return On Equity (ROE) (King, 2013).

H2: Net Stable Funding Ratio has a positive effect on Return on Equity.

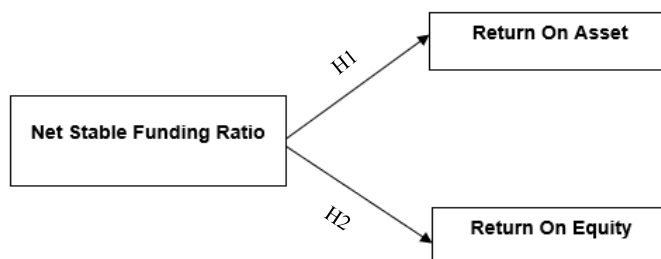


Figure 1. Research Framework
Source: Processed by the author (2025)

RESULTS AND DISCUSSION

Determination Coefficient Test

The coefficient of determination is a measure that describes the percentage of how much the independent variables in a regression model affect the dependent variable. (Marhawati et al., 2022) This coefficient value is expressed as a percentage that reflects the extent to which the variation in the dependent variable can be explained by the regression model.

Table 4.
Determination
ROA

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,265 ^a	,070	,037	2,51065

**Coefficient of
of NSFR and**

a. Predictors: (Constant), NSFR

The R coefficient of 0, 353 indicates a not so strong correlation between the independent variable (NSFR) and ROA. With R Square reaching 0, 125, it means that the independent variables in the model are only able to explain 12.5% of the variation in ROA.

Table 5.
Determination
ROE

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,353 ^a	,125	,093	,57275

**Coefficient of
of NSFR and**

a. Predictors: (Constant), NSFR

The R coefficient of 0.265 indicates a not so strong correlation between the independent variable (NSFR) and ROE, although there is a positive correlation. With an R Square of 0.07, it means that the independent variables in the model are only able to explain 7% of the variation in ROE.

Individual Parameter Significance Test (t Statistical Test)

The t-test is a statistical instrument used to analyze differences in mean values. As part of parametric statistics (which requires normal data distribution), the t-test falls into the category of two-difference hypothesis testing. This method is applied to evaluate hypotheses about differences in a population, especially when using a small sample size and the population variance is unknown, by comparing mean values between groups (Lyundzira et al., 2019). According to the regression guide from Prof. Imam Ghozali, if the significance value (Sig.) is greater than 0.05, then the independent variable is considered insignificant in influencing the dependent variable.

Table 6. Statistical t-test of NSFR and ROA

Coefficients ^a					
Model		Unstandardized Coefficients	Standardized Coefficients	t	Sig.
		B	Beta		
1	(Constant)	2,821		3,300	,003
	NSFR	-,014	-,353	-1,998	,056

a. Dependent Variable: ROA

The t value of -1.998 shows the partial test result of the effect of NSFR on ROA which is negative while the significance value (Sig.) is 0.056. This means that the NSFR variable has a negative relationship with ROA, but the effect is not significant at a significance level of 5% (0.05). This can be seen from the Sig. value of 0.056. Thus, NSFR is not strong enough to significantly affect ROA in this model.

Table 7. Statistical t-test of NSFR and ROE

Model	Coefficients ^a			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
1	(Constant)	10,766	3,748	2,873	,008
	NSFR	-,043	,030	-,265	,157

a. Dependent Variable: ROE

The t-value for NSFR is -1.455, which indicates that the relationship between NSFR and ROE is negative but not significant. Sig. = 0.157, which exceeds the 5% significance level (0.05). In other words, NSFR does not have a strong enough influence on ROE in this model.

Discussion

Net Stable Funding to Return on Asset Ratio

This finding indicates that a stable net funding ratio, as an indicator of the stability of long-term funding held by banks, has a significant negative effect on firm value. This finding leads to the rejection of Hypothesis 1 (H1), which indicates that high NSFR does not always give a positive signal to investors that the bank is in a healthy condition and able to manage liquidity risk well. This creates a perception that can encourage an increase in financial performance, one of which is reflected in an increase in Return On Asset (ROA) but in reality, it is not.

These results are in line with previous research by (Setiyono & Naufa, 2021), (Sidhu et al., 2022), (Shonhadji et al., 2023), dan (Abbas et al., 2022), all of which confirm that the net stable funding ratio has a negative and insignificant effect on corporate financial performance or return on assets. These studies highlight the inconsistent effect of NSFR on bank performance in various contexts, where bank liquidity generally has a negative effect on conventional bank performance indicating a trade-off between liquidity and profitability. The implementation of Basel III regulations, especially NSFR, is not always in line with the objective of increasing the resilience and stability of the financial industry as happened in India, even in the context of Southeast Asia including Indonesia, NSFR does not show a significant effect on ROA in contrast to other Basel III components, thus indicating the need to consider the different characteristics between Islamic and conventional banks in formulating liquidity regulation policies.

Net Stable Funding to Return on Equity Ratio

Analysts found that the net stable funding ratio, as an important role in supporting capital stability and the ability of the firm to generate profits from its capital, has a negative but insignificant effect on return on equity or firm profitability. Based on this finding, Hypothesis 2 (H2) is rejected, indicating that the proportion of net stable funding does not have

a significant impact on firm value, a high NSFR does not also reflect the bank's ability to maintain a balance between long-term funding and liquid assets, which in turn can maximize the efficiency of capital use (van den End, 2009).

This result is consistent with previous research by (Alshammmary et al., 2022), (Jagtiani & Lemieux, 2018), (Chiaramonte & Casu, 2017), dan (Krüger & Rösch, 2017), which states that the majority of studies show a negative effect of NSFR on ROE. This is mainly due to the need for banks to maintain stable long-term funding, which tends to increase funding costs and ultimately lower return on equity. While there is some variation in the impact based on bank characteristics (such as size, business model, and specialization), the dominant pattern that emerges from the academic literature is that there is a trade-off between compliance with Basel III liquidity requirements (particularly NSFR) and the bank's ability to generate shareholder returns as measured by ROE.

According to the theory, net stable funding is expected to encourage the adaptation of banks' business models in the long run, where banks will find a new balance between compliance with liquidity regulations and achieving profitability. This phenomenon may encourage a shift in investor focus from short-term profitability orientation towards valuations that consider more long-term stability and sustainability. On the other hand, regulators are expected to evaluate and adjust the Basel III regulatory framework to achieve an optimal balance between the goal of maintaining financial system stability and the ability of banks to perform their intermediary function efficiently.

CONCLUSION

This study found that NSFR has no significant effect on ROA or ROE of sample banks. The low R Square value in both models indicates that the independent variable (NSFR) only explains a small part of the variation in the dependent variable (ROA and ROE), so other factors may be more influential in determining the profitability of the company. Overall, the performance of the banks shows that at the NSFR level, the banks have sufficient liquidity to meet their long-term obligations. While there were variations in profitability, some banks showed higher efficiency in managing their assets and equity, while others were challenged by lower net profit and higher non-performing loan ratios. However, in general, these banks were able to maintain their financial and operational stability, showing resilience in the face of prevailing economic dynamics. This study aims to fill the research gap in the analysis of the Indonesian banking sector over the period 2018-2023. Through the analysis, this study aims to assess the extent to which long-term funding resilience contributes to the efficient use of assets and capital, as well as its impact on banks' financial performance. The results are expected to provide insights for investors, regulators, and policy makers in understanding the relationship between funding stability and bank profitability, as well as a reference in designing a more sustainable and competitive banking strategy in the financial market. Based on the research results, it is suggested that future research include additional variables such as operational efficiency (BOPO), asset quality (NPL), liquidity (LDR), and capital structure (CAR) to improve the model's ability to explain banking financial performance. Future research is also recommended to expand the scope of time and samples in order to produce more comprehensive insights.

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