



ABSTRACT

Efficiency Analysis of Government Bank in Indonesia

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The financial system consists of financial institutions, financial markets, as well as the financial system infrastructure. Bank is a part of the financial system Based on the composition of the assets of financial institutions, as much as 79.5 percent of the total assets of financial institutions owned by commercial banks. If related to the role and functions of the bank, the main function is to perform the intermediation function. Parties that excess funds would channel funds to the bank, and then the bank as an intermediary institutions will be channeled to those who need funds in the form of credit. Increased lending can be an indicator of functioning of the intermediation. Bank Indonesia said that the problem could be solved if the intermediation efficiency condition is reached. With a more efficient condition of the bank, a bank will be able to survive and continue to expand its business despite the increasingly fierce competition. If the view of increasing lending, it turns out the process of intermediation is still not in line with expectations of Bank Indonesia. According to the assessment of Bank Indonesia, the process of intermediation by banks is still hampered by the inefficiency condition. Bank Indonesia's data in late 2009 showed that the ratio of operating expenses to operating income (BOPO) Indonesian banks were 81.6 percent.

This study aims to: (1). analyze the efficiency of government banks in Indonesia, (2). analyze the factors that influence government inefficiency of commercial banks in Indonesia. Based on an analysis of four commercial banks the government for 9 years (2002 - 2010) with the intermediation approach, the most efficient bank is PT. Bank Rakyat Indonesia, Tbk. with 8 times the score reached efficiently (= 100 percent). Public limited company bank of the least efficient during that period is PT. Bank Negara Indonesia, Tbk. the only 2 times the score reached efficiently. Based on the Least Square Difference (LSD), at all government banks the comparison between DEA vs BOPO, DEA vs NIM and BOPO vs NIM obtained significance value below 0.05, so the difference between the three are significant (significantly different). LSD results showed that traditional methods and methods of frontier (DEA) was shown to differ significantly from the statistical test. Analysis of the virtual I / O to analyze the causes of inefficiency variables get the result that non-interest income variable is the variable that most contributed to the cause of inefficiency of government banks. Furthermore, variable loans and deposits contributed to the cause of inefficiency followed by input variables such as cost of human resources (HR) and administrative and general expenses.

