SUMMARY

HUSNUL INSAN. Performance Comparison of State-owned Bank and Private Bank with Radar Method and Its Effect on Stock Price. Supervised by YUSMAN SYAUKAT and IMAM TEGUH SAPTONO.

Banking industry is one of the industries that shows a tight competition. The competition can be seen from the large number of banks operating in Indonesia by 2014, including 119 banks. Competition among banks in Indonesia occured apparently between the state-owned banks and private banks, observed from the total market share, the development of business networks and the growth of bank assets. To determine the performance of the two groups of banks, an analysis on its financial statements is required. The analytical tool used was the ratio analysis of radar method which is an improvement of financial ratio analysis. The stock price was also analyzed and is intended to look at the variables of the bank's financial performance are the most appreciated by investors or the capital markets as a determinant of investment decision. Therefore, the purpose of this research is to analyze the financial performance gap between state-owned banks and private banks, also to analyze the effect of the bank's financial performance variables on stock prices.

Research conducted using secondary data obtained from the annual financial statements from the years of 2010 to 2014, and used purposive sampling technique as an technique of the withdrawal of the sample. Samples obtained consist of the 12 largest banks in Indonesia by their assets in 2014. The bank's ratings had represented more than 65% market share of the national banking industry. Variable measurement of the bank's financial performance used were credit risk ratio, loan to deposit ratio, liquidity risk ratio, capital of asset ratio, capital adequacy ratio, deposit risk ratio, operating efficiency ratio, efficiency ratio, employee expense ratio, return on asset, return on equity, net interest margin, employee per branch, operating income per branch and operating income per employee. The method of analysis used as a decision-making between the financial performance of state-owned and private banks was a graphic illustration of radar, independent sample t-test, Mann-Whitney test, and regression analysis.

The result of this study showed that the financial performance of private banks were better than state-owned banks based on credit risk ratio variable. That is to say that private banks has less non-performing loans than state-owned banks, while based on the performance of solvability, the two banks has the same performances for the variables of CAS, CAR and DRR. Thus it can be said that these banks has around the same capital strength. BOPO financial performance and CIR in a state-owned banks were better than private banks. This result showed that the state-owned banks were more able to suppress or control interest cost and overhead cost in operation. Based on the profitability aspect, it was known that state-owned banks has better financial performance than private banks, for both ROA, ROE and NIM. This defines state-owned banks ability to generate greater revenue or profit than the private banks due to all source of assets and equities. And based on the growth potential, state-owned banks also showed better performance on the EB and OIB variables. So it can be recapitulated that

the state-owned banks manage each of its branches optimally, both in the banking business and expanding its network in generating high operating income.

Based on the results of regression analysis, it was known that the financial performance of a bank on the CAS and NIM variables has a significant positive effect on stock prices. Meanwhile, the variables of LDR, CRR, CAR, DRR, CIR and ROA has a significant negative effect on stock prices. This shows that in the purchase of bank stocks, investors make these variables as a benchmark in the investment policy and investor tend to hunt shares of state-owned banks in comparation to private banks, because state-owned banks has better financial performance than private banks in general.

Based on the results of these studies, it can be recommended some strategic managerial implications, include:

1. Bank as a financial institution with intermediary function should certainly be able to optimize the capacity of its lending, because the greater the loans granted by the banks, it will give the possibility of greater collectability and banks may also face difficulties in terms of meeting the demand for credit from the debtor.
2. As an intermediary, the bank should also be able to reduce reliance on debt as a source of operational funding and further increase the efficiency of the use of sources of capital held by banks, because with more and more sources of debt, then the bank should ready to bear all its obligations and it will have an impact also on the bank's revenue will be smaller.
3. Banks should also be able to optimize all the potential of each branch and its employees, because each branch and its employee plays a role in running the business and determine the development of a company in the future.
4. In determining the choice of investment, the investors should be paying attention to the CAS variable, because these variable was the most dominant variable in influencing the price earning ratio.

Keywords: bank, financial performance, radar method, stock price