SUMMARY

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The remuneration or the amount of compensation for the board of directors of the banking sector will proliferate with the significance of the relevant banking management and decision-making sistems. A good management sistem will be directly proportional to the performance of the banking sector.

Some previous studies explain the relationship between remuneration and the performance of companies that have been done in various countries and Indonesia. Some previous studies can be used as an alternative and reference for further research. As research conducted by Ayadi and Boujèbbne (2013) on the influence of the board of directors on the remuneration of the board of directors in the banking industry. Variables used in this study is the number of boards of directors, ROA and ROE. The results show the number of boards of directors and ROE positive and significant, while the ROA variable is not significant to the remuneration of the board of directors below. Other research that can be a reference is a study conducted by Kurawa and Saidu (2014) who conducted research on the relationship between the remuneration of the board of directors with a performance that with profit. The results of this study indicate a positive and significant relationship between bank profits and remuneration of the board of directors.

This research was conducted to analyze the effect of bank performance on the remuneration of the board of directors of banks that exist in BEI and analyze the factors that affect the remuneration of the board of directors of banking in Indonesia. The type of data used is time series data and cross section. The time series data includes annual data for five years, from 2011 to 2015. While cross section data includes 32 public banks listed on the Indonesia Stock Exchange (IDX).

This research uses qualitative analysis method and modeling analysis. The modeling method used is static panel data analysis using Microsoft Excel 2010 and Eviews 6. The research model used is the adoption of Ayadi *et al.* (2013). The difference of this research with research conducted by Ayadi *et al.* (2013) is the addition of variable number of branch offices of banks applied from research Aduda (2011), variable profit bank applied from research Kurawa *et al.* (2014) and the addition of CAR, NIM, LDR and BOPO variables applied from Chowdhury *et al.* (2012).

During the five-year period from 2011 to 2015, the average remuneration of the board of directors of public banks in Indonesia is 21,99 percent with a minimum value of 19,73 percent and a maximum value of 26,23 percent. The average number of boards of directors per board remuneration is 1,90 percent, the average number of branch offices per board member remuneration is 5,51 percent, the average bank profit per board remuneration is 28,32 percent, average CAR per board member remuneration public bank is 18,60 percent, the average NIM per remuneration of the board of directors of public banks is 6,83 percent, the average

LDR per share remuneration of public bank is 84,19 percent, and the average BOPO per remuneration of public bank board is 84,69 percent.

The results show that the preparation of remuneration sistem of the board of directors of public banks in Indonesia should be based on factors such as profit increase, Loan to Deposite Ratio and Operational Cost of Operating Income. Increased business networks such as the number of branch offices or banking access are also biased into indicators in terms of preparing the board of directors remuneration sistem. Because of the expansion of the business network can acquire the business potential as well as the advantages that exist in areas where there is no access to banking and will have an impact on the size of the board of directors remuneration. The combination of these factors can be used jointly in determining the remuneration policy of the board of directors of a public bank.

Circular Letter of the Financial Services Authority (OJK) number 40/SEOJK.03/2016 concerning the Implementation of Good Corporate Governance in Remuneration for Commercial Banks that banks are required to provide remuneration information. Remuneration information on the financial statements of public banks has only presented total remuneration monetized as a whole but not detailed. There are still public banks that have not provided non monetized remuneration for example the allocation of shares and facilities received by the board of directors.

Keywords: remuneration, bank performance, static panel