

SUMMARY

NICKY IRAWAN PUTRA. The Influence of Mergers and Acquisitions on Financial Performance and Stock Return of Indonesian Banks. Supervised by HERMANTO SIREGAR and SUWINTO JOHAN.

Business environment has changed rapidly due to dynamic changes in the current global era. Every company must be dynamic and has a good adaptability to the ever-changing economic situation and condition. Merger and acquisition activities are not a new phenomenon in the business world, and it's an important business phenomenon especially for banks in Indonesia. One of the changes that can be seen from the merger and acquisition activities are company's financial performance and stock return. The purpose of this study is to analyze banks financial performance with financial ratios before and after mergers and acquisitions, analyze the effect of mergers and acquisitions on bank financial performance and analyze the factors that influence the success of mergers and acquisitions.

The research data is secondary data of annual report and daily stock prices from every go public banks in Indonesia which do merger and acquisition. This research begins with identifying merger and acquisition activities carried out by banks in Indonesia. Then analyze financial performance before and after mergers and acquisition. Then analyze the effect of mergers and acquisitions on financial performance by used kolmogorov-smirnov normality test and wilcoxon test and analyze the factor that influence the success of mergers and acquisitions with logistic tests.

The results showed that ROA, OER, NPL, NIM and LDR improved after mergers and acquisitions. Mergers and acquisitions also affect the differences in ROA, OER, NPL, NIM, and LDR before and after mergers and acquisitions. Factors that affect the success of mergers and acquisitions are foreign ownership, acquisition percentage and firm size when viewed the success of merger and acquisition from bank's ability to increase its net profit. In addition, when viewed from the stock returns obtained factors that affect the success of a merger and acquisition are foreign ownership, the percentage of acquisitions and industry relatedness.

Keywords: financial performance, merger and acquisition, stock return

