ABSTRACT

This study aims to determine the effect of liquidity, credit risk and capital adequacy on profitability in banks in Indonesia. This study also aims to find out the differences in the effect of liquidity, credit risk and capital adequacy on profitability between private bank companies and state bank companies. The independent variables in this study are LAR, LDR, NPL and CAR. The number of samples in this study are 120 variable samples. The results of this study indicate that the variable LAR, LDR and CAR do not have a significant effect on ROA, NPL variables have a significant effect on ROA on the LAR variable has no difference to the profitability between private bank companies and state bank companies while the LDR, NPL and CAR variables have different effects on profitability between private bank company and a state bank company.

Keywords: liquidity, credit risk, profitability, loan to asset ratio, loan to deposit ratio, capital adequacy ratio.