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Factors Affecting the Performance of Commercial Banks in Indonesia

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KEYWORDS
Bank Size, Operating Revenue (OER), Credit Risk, Inflation, Gross Domestic Product (GDP), Performance

ABSTRACT
The performance of commercial banks in Indonesia is influenced by various internal and external factors that reflect the stability and efficiency of the banking industry. This study aims to analyze how these factors affect the performance of commercial banks in Indonesia, which is a crucial sector in the national financial system. This study uses quantitative research methods. The data were obtained in this analysis from every Commercial bank' Quarterly Report. Documents are recorded based on this data form technique through documentation. The collected data were then analyzed by multiple linear regression using E-views 10.0. The results of panel data regression show that all independent variables (bank size, inflation, gross domestic product, operating expenses and operating income, and credit risk) have a significant effect on the dependent variable (performance). All independent variables have an influence of 97.70% on the dependent variable Performance in commercial banks in Indonesia. Then, the remaining 2.30% is influenced by other variables not included in this study. Furthermore, the relationship between Credit Risk, Gross Domestic Product (GDP), and Operating Expenses and Operating Income (BOPO) on Performance has a positive and significant effect. However, the variables Bank Size and Inflation have a significant and negative effect on Performance.

INTRODUCTION

This study examines the performance of Commercial Banks in Indonesia. This research applied the CAMEL rating system to measure bank performance, where the acronym stands for five indicating components (i.e., C= Capital Adequacy; A= Asset Quality; M= Management Quality; E= Earnings Quality; L= Liquidity;). The quantitative aspects of CAMEL rating use various financial ratios that reflect the indicating components of Capital Adequacy, Asset Quality, Management Quality, Earnings Quality, and Liquidity. Significantly, the goal is to examine Bank Size, Operating Expense and Operating Revenue (OER), Credit Risk, Inflation, and Gross Domestic Products (GDP) towards bank performance.

Given the uniqueness of the financial system as the engine of economic growth, banking performance has been the topic of several academic research in recent years. According to empirical research, banking performance is impacted by a variety of variables. First and foremost, it is about internal variables that demonstrate management efficiency; these variables concern the bank's strategic choices. Commercial policy is the first factor that conditions a bank's performance as a simple firm seeking a comfortable position in its sector of activity. Then, because of the complexity of the banking activity, further deciding criteria connected to the risk nature of this business must be considered. Indeed, banks are subject to several types of limitations; on the one hand, a highly indebted sector implies the involvement of factors such

as financial leverage and the bank's financial structure; on the other hand, regulatory restraints since the first Basel (Sara Bayoud, 2018).

As a country with goals and strategies, Indonesia implements many things that must be done to achieve development and mature economic growth accompanied by equitable development fixed in a specific area but spread throughout the archipelago. The growth and development of Indonesia's development strategy are strongly supported by various institutions built by the government, which are jointly coordinated to achieve the goals that have been planned. The roles of various institutions take part in this coordination, especially the economic sector, which is one of the benchmarks for the growth of a country's progress. Various branches of the economic strategy contribute to supporting economic activities, such as State-Owned Enterprises owned by the government in national economic activities. Banking, which is one of the drivers of the national economy, is one of the sectors in State-Owned Enterprises. It cannot be denied that the development and growth of the national economy cannot be separated from the massive participation of the banking world, which contributes to the Indonesian people, ranging from small, medium business loans or other business loans, even as a place for guaranteeing savings by the public (Simatupang, 2019).

Communities in developed and emerging countries need banks as outlets to conduct their financial operations. The populace frequently carries out saving practices and channeling of assets in banks. In developed countries, banks are very strategic institutions and have a role as a driving force for the country's economy. In developing countries, people's need for banks is limited to storage and distribution and the services offered by banks. Banks are entities that rely on individuals from every corner of one's life to place their assets securely. The bank also behaves in the mode of lending to needy people to fund society. The general public may apply to the bank for a loan as long as the borrower complies with the bank's criteria and conditions. Banks have a two-sided role, namely collecting public funds directly from people who are more than funds (surplus units) and channeling funds directly to people who need funds (deficit units) to meet their needs so that banks are often referred to as with the financial depository institution (Ismail, 2017). Banking is all about a bank, including entities, business operations, practices, and procedures for conducting its business operations. Based on this definition, it can be concluded that the banking system is a system concerning banks, including institutions, and their overall business activities regarding how the banking system was regulated in Indonesia in Law no.7 of 1992 as rewritten by Law no.10 of 1998. Banking in Indonesia has strategic objectives and is economically oriented and on non-economic matters such as issues concerning national stability, including social stability and political stability (Ais, 2020).

Commercialized banking's aim becomes profitable. This aim is to be accomplished by strategy and preparation in all Commercialized banking operations. That still does not mean that there is no other target for Commercialized banks. Commercialized banks have social and other goals, as well. (Ulumuddin Nurul Fakhri, 2019). Financial reports are a benchmark for assessing the level of bank financial performance. The bank's financial reports are required to include financial performance details and bank management's ability to control the corporation. Information regarding changes in capital, profit and loss, cash flow, and further financial performance data from a bank could be viewed from the financial statements. From this report, the performance level of a bank can be assessed by calculating several existing financial ratios (Fanny, 2020).

Therefore, the Indonesian Financial Services Authority (2018) discusses the roadmap for banking development in Indonesia. Commercial banks that aim to make banking development run in line with Indonesia's development vision to create an independent, advanced, just, and prosperous Indonesia. The Indonesian Banking Industry is planned to grow and improve within the Indonesian Banking Development Roadmap to foresee domestic and foreign challenges in the banking industry. The Roadmap for Indonesian Banking Development has also been

designed keeping in mind the opportunities for the banking industry in the form of potentials and advantages. Indonesia possesses healthy and sustainable economic growth in line with efforts to increase the national economy.

RESEARCH METHOD

This research aims to analyze the significant influence of Bank Size, Operating Expenses and Operating Revenue (OER), Credit Risk, Inflation, and Gross Domestic Product (GDP) on the Performance of Commercial Banks in Indonesia. This research uses the quantitative method and will use the secondary data obtained by quarterly report statements and financial statements published by each bank on their website. The data will analyse using E-views 10.0.

Quantitative research that relies on the study of numerical data (numbers) that are ordered and analysed using mathematical techniques is used in this case. The purpose of quantitative analysis is to evaluate a hypothesis or provide evidence or mathematical explanation, to demonstrate relations between variables and to establish definitions, to develop comprehension, or to explain several things (Wiratha, 2006). The data used for this analysis consisted of secondary data from several references sources, including the Financial Services Authority (OJK), the Bank Indonesia (BI), and each bank's reported financial statements.

Data from all the available sources accessed or compiled by researchers. The data were obtained in this analysis from every Commercial bank' Quarterly Report. Documents are recorded based on this data form technique through documentation. Population of this study contains both Islamic and Conventional Commercial Banks registered with Bank Indonesia and Financial Services Authority. This study uses a purposeful sampling methodology. Banks with quarterly reports and quarterly financial reports from 2015 to 2020 and banks with complete details required by this survey are subject to sampling requirements.

The Bank of Indonesia and the Financial Services Authority sampled in this study are 18 Commercial Banks registered at Bank of Indonesia and Financial Services Authority. The period of data in this study is for five years, from 2015 to 2020. The reason for conducting research in the 2015-2020 range is that 2020 is the last year that three Islamic commercial banks, namely BNI Syariah, BRI Syariah, and Bank Mandiri Syariah, will operate before merging into Bank Syariah Indonesia (BSI). Thus, the unit of analysis in this research is 432. The following table details the study's purposive sampling strategy. The research study employs multiple linear regression. The formulation exemplifies the generic structural organization of several linear equations. The symbol K denotes the number of indifferent variables. As a result, K may be any positive integer (Douglas A. Lind, 2012).

RESULTS AND DISCUSSION

The Chow test, the Hausman test, and the Lagrange multiplier test are used in panel data regression analysis to determine which regression model is the best one to employ.

Based on the output results above, it can be seen that the probability value (Prob.) for cross-section F is 0.0000, lower than the significance level of 0.05. Therefore, based on these results, it can be concluded that the fixed effect model is more appropriate to be used in this study.

Table 1. Model 1

Model 1	Common effect	Coefficient	Fixed Effect	Coefficient	Random Effect	Coefficient
Bank Size	0.0000	-0.131626	0.0000	-0.390378	0.0030	-0.152440
Inflation	0.2572	-0.086190	0.0268	-0.074124	0.0816	-0.096739
GDP	0.2155	0.295925	0.0000	0.684355	0.0827	0.308703
OER	0.0000	0.110669	0.0000	0.090602	0.0104	0.258306
Credit Risk	0.0000	1.584.035	0.0001	1.838.055	0.0000	0.132556

C	0.6611	0.8100	-0.538214	0.9544	1.991.831
Observation	432	432		432	
R-squared	0.680450	0.892380		0.4832	
Number of firms	18	18		18	

Source: E-views Output

Table 2. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	50.116592	(17,409)	0.0000

Source: E-views Output

Based on the output results above, it can be seen that the probability value (Prob.) for cross-section F is 0.0000, lower than the significance level of 0.05. Therefore, based on these results, it can be concluded that the fixed effect model is more appropriate to be used in this study.

Table 3. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	80.101318	5	0.0000

Source: E-views Output

Based on the results of the Hausman test output above, it can be seen that the probability value (Prob.) for cross-section F is 0.0000, lower than the significance level of 0.05. So it can be concluded that the fixed effect model is more appropriate to use in this study than the random effect model.

Normality Test

To detect whether the standardized residual value is normally distributed or not, the Jarque-Bera test can be used. This test is performed by comparing the Jarque-Bera (JB) statistic with the table X2 value. If the Jarque-Bera (JB) value is smaller than the X2 table and the probability value is greater than a significance value of 0.05, then H0 is accepted, and Ha is rejected.

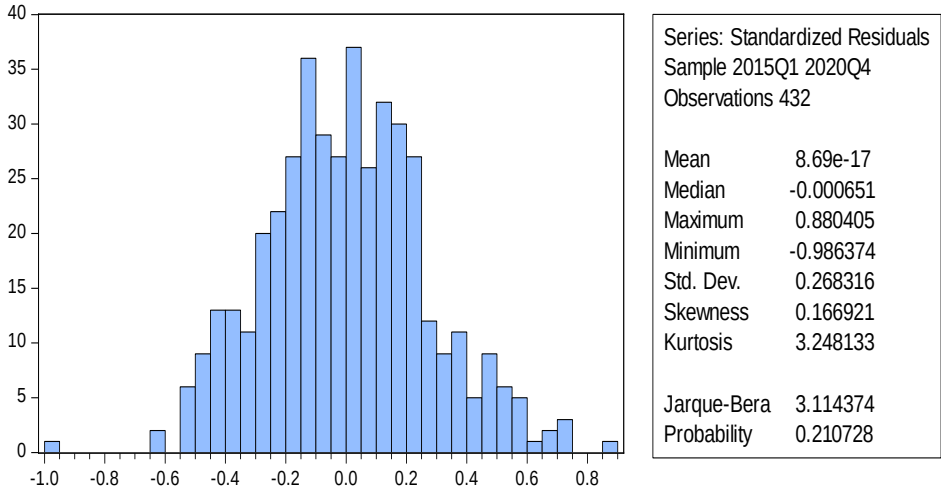

Figure 1. Normality Test

Based on the calculation above, the Jarque-Bera value is 3.114374, while the X2 table value with df: 0.05, 5 is 11.070, and the probability value is 0.210728. Because the Jarque-Bera value (3.114374) is smaller than the table X2 value (11.070) and the probability value is 0.210728, which is greater than the 0.05 significance value, it can be concluded that H0 is accepted and Ha is rejected. This means that the standardized residual value is normally distributed.

Hypothesis Testing

The Chow and Hausman tests indicate that the fixed effect model is the most appropriate model to apply in this research.

Table 4. Fixed Effect

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BANKSIZE	-0.390378	0.082480	-4.733011	0.0000
INFLATION	-0.074124	0.033345	-2.222927	0.0268
GDP	0.684355	0.128014	5.345932	0.0000
CREDITRISK	0.090602	0.022896	3.957158	0.0001
OER	1.838055	0.211126	8.705969	0.0000
C	-0.538214	2.236715	-0.240627	0.8100
Weighted Statistics				
R-squared	0.892380	Mean dependent var		2.917196
Adjusted R-squared	0.886591	S.D. dependent var		1.334377
S.E. of regression	0.275438	Sum squared resid		31.02928
F-statistic	154.1548	Durbin-Watson stat		1.112303
Prob(F-statistic)	0.000000			
Unweighted Statistics				
R-squared	0.835831	Mean dependent var		2.153796
Sum squared resid	33.82570	Durbin-Watson stat		0.985254

Source: E-views Output

The Coefficient of Determination (R2)

The coefficient of determination (Adjusted R Square) is used to measure how much the model can explain the variation of the dependent variable. The value of Adjusted R Square that is close to the value of one means that the ability of the independent variables is getting bigger to explain their effect on the dependent variable.

Table 5. Coefficient of Determination Test Results

R-squared	0.892380	Mean dependent var	2.917196
Adjusted R-squared	0.886591	S.D. dependent var	1.334377
S.E. of regression	0.275438	Sum squared resid	31.02928
F-statistic	154.1548	Durbin-Watson stat	1.112303
Prob(F-statistic)	0.000000		

Source: E-views Output

Based on the regression output of the fixed-effect model above, the adjusted R-squared value of 0.892380 indicates that the independent variable can explain 89.23% of the dependent variable, while the other 10.77% is explained by other variables not included in this research.

It can be concluded that the independent variable can provide almost all the information needed in explaining changes in the dependent variable.

Simultaneous Test (F-Test)

The F statistical test shows whether all the independent variables included in the model simultaneously affects the dependent variable. If the calculated F value > F table, then H_a is accepted while H_0 is rejected, it can be concluded that the independent variable simultaneously affects the dependent variable. If the calculated F value < F table, then H_a is rejected while H_0 is accepted, and it can be concluded that there is no independent variable that affects the dependent variable.

Table 6. F. Statistical Test Results

R-squared	0.892380	Mean dependent var	2.917196
Adjusted R-squared	0.886591	S.D. dependent var	1.334377
S.E. of regression	0.275438	Sum squared resid	31.02928
F-statistic	154.1548	Durbin-Watson stat	1.112303
Prob(F-statistic)	0.000000		

Source: E-views Output

Based on the table above, it is known that the calculated F value generated is 833.9568, while the F table value with df: 0.05, (6 – 1 = 5), (432 – 6 = 426) is 2.214. Due to the calculated F value (833.9568) is greater than the F table value (2.214), it can be concluded that Ha is accepted while H0 is rejected. This shows that the independent variable simultaneously affects the dependent variable. In other words, the regression equation formed is considered to meet the fitness criteria.

Individual Parameter Significance Test (t-Statistic Test)

The t-statistical test shows how far the influence of one independent variable individually (partial) in explaining the variation of the dependent variable. The way to do the t-test is by comparing the statistical value of the t-count with the t-table. If the value of t count > t table, then Ha is accepted while H0 is rejected, it can be concluded that the independent variable partially affects the dependent variable. If the value of t count < t table, then Ha is rejected, while H0 is accepted, and it can be concluded that the independent variable does not affect the dependent variable.

Table 7. t-Test Result

Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
BANKSIZE	-0.390378	0.082480	-4.733011	0.0000
INFLATION	-0.074124	0.033345	-2.222927	0.0268
GDP	0.684355	0.128014	5.345932	0.0000
CREDITRISK	0.090602	0.022896	3.957158	0.0001
OER	1.838055	0.211126	8.705969	0.0000
C	-0.538214	2.236715	-0.240627	0.8100

Source: E-views Output

The table above shows each t statistic value, while the t table with df: 0.05 (432 – 6 = 426) is 1.649. The following are the results of the t-test for each independent variable on the dependent variable.

The Influence of Bank Size on Performance

The Bank Size variable has a t-count of -4.733011, which is greater than the t-table value of 1.649 and has a significant value (Prob.) of 0.0000, which is less than the significance

level 0.05, as shown in the E-views output above. It can therefore be concluded that the Bank Size variable affects performance.

The Influence of Inflation on Performance

According to the E-views output, the t-count value of Inflation is -2.2222927, which is higher than the t-table value (1.649), and with a significant value (Prob.) of 0.0268 less than the significance threshold (0.05), it can be inferred that the Inflation variable affects performance.

The Influence of Credit Risk on Performance

Based on the E-views output, the t-count value of Credit Risk is 3.957158, which is greater than the t-table value (1.649), with a significant value (Prob.) of 0.0001 smaller than the significance level (0.05), so it can be concluded that the Credit Risk variable affects performance.

The Influence of Gross Domestic Product (GDP) on Performance

It can be concluded that the Gross Domestic Product (GDP) variable affects performance based on the E-views output. The t-count value of Gross Domestic Product (GDP) is 5.345932, which is greater than the T-table value (1.649), with a statistically significant value (Prob.) of 0.0000, which is less than the significance level (0.05).

The Influence of Operating Expenses and Operating Revenue (OER) on Performance

The Operating Expenses and Operating Revenue (OER) variable has a t-count of 8.705969, more significant than the t-table value of 1.649 and has a significant value (Prob.) of 0.0000, which is less than the significance level of 0.05, as shown in the E-views output. It can therefore be concluded that the Operating Expenses and Operating Revenue (OER) variable affects performance.

Regression Model Equation

Based on the output of the fixed effect cross-sectional regression model Seemingly Unrelated Regression (SUR) model. Then the regression equation model is:

$$\mathbf{PERF = -0.538214 - 0.390378\ BANK\_SIZE_{it} - 0.074124\ INFLATION_{it} + 0.090602\ CREDIT\_RISK_{it} + 0.684355\ GDP_{it} + 1.838055\ OER_{it} + \mu_{it}}$$

From these equations, it can be explained that:

1. The constant value of 3.183765 indicates that if the independent variables, which include Bank Size, Inflation, Credit Risk, Gross Domestic Product (GDP), and Operating Expenses and Operating Revenue (OER) in the i and t observations are zero, then the PERF value is zero represents Performance worth 3.183765.
2. The variable Bank Size has a coefficient value of -0.579812, which means it has a negative value. If the value of Bank Size rises by 1%, the PERF falls by -0.0579812%, which is a statistically significant reduction. With this in mind, the greater the value of Bank Size, the worse the performance of commercial banks is expected to be.
3. The coefficient value of the Inflation variable is -0.121997. If the value of Inflation increases by 1%, then the PERF decreases significantly by -0.121997%. In other words, the higher the value of Inflation, the lower the performance of commercial banks.
4. The coefficient value of the Credit Risk variable is 0.151821. If the value of Credit Risk increases by 1%, then the PERF increases significantly by 0.151821%. In other words, the higher the value of Credit Risk, the higher the performance of commercial banks.
5. The variable Gross Domestic Product (GDP) has a coefficient value of 0.855952, which means it has a positive value. If the Gross Domestic Product (GDP) value rises by 1%, the PERF rises by 0.855952%, a statistically significant increase. With this in mind, the greater the value of Gross Domestic Product (GDP), the better the performance of commercial banks is expected to be.

6. The coefficient value of the Operating Expenses and Operating Revenue (OER) variable is 1.726762. If the value of Operating Expenses and Operating Revenue (OER) increases by 1%, the PERF increases significantly by 1.726762%. In other words, the higher the value of Operating Expenses and Operating Revenue (OER), the higher the performance of commercial banks.

Discussion

Effect of Bank Size on Performance

Based on the test results in model fixed effect cross-section Seemingly Unrelated Regression (SUR), the regression coefficient value of the Bank Size variable is -0.632242 with a P-value of 0.0000. This value can indicate that the variable bank size has a negative and significant relationship to the performance of commercial banks at the 5% confidence level. It can be interpreted that commercial banks with a high bank size will have a low-performance value.

The results of this study are in line with the research of Neeraj Gupta & Jitendra Mahakud (2020), which concludes that bank size has a negative effect on performance. The inverse relationship between bank size and performance can imply that banks cannot benefit from an economic perspective due to the high operating costs that must be incurred. An increase in bank size can lead to an increase in marketing operations, asymmetric information, bureaucratic costs, which result in a negative relationship between profitability and size. Thus, bank size has a negative relationship to the performance of commercial banks, so the hypothesis proposed in this study, namely hypothesis 1, is rejected.

Effect of Operating Expenses and Operating Revenue (OER) on Performance

The test results show that the Operating Expenses and Return Expenses (OER) variable has a regression coefficient value of 1.577067 with a p-value of 0.0000. Based on this value, it can be concluded that the independent variable Operating Expenses and Return Expenses (OER) has a positive and significant relationship with firm value at the 5% level. Thus, it can be concluded that funding decisions influence the performance of commercial banks at the 5% confidence level. The findings in this study are in line with Mardahleni and Arsandi (2019) found that Operating Expenses and Operating revenue (OER) ratio has a positive and insignificant relationship with performance. This occurred because the bank was less effective in carrying out its commercial operations during the study period, and the bank did not optimize available funding sources for operating expenses associated with lending.

On the other hand, Sukmadewi (2020) found that performance has a significant negative effect on operating costs/business income. the higher the operational costs/operating income ratio, the less efficient the bank's operational activities. It can be concluded that Operating Expenses and Return Expenses (OER) have a positive relationship with commercial banks. Hypothesis 2 is rejected.

Effect of Credit Risk on Performance

Credit Risk is proxied by Non-Performing Loans and Non-Performing Finance. Based on the test results with the performance dependent variable, the credit risk coefficient value is 0.104047 with a p-value of 0.0000, which shows a positive and significant relationship to the performance variable at the 5% level. The positive influence of Credit Risk shows that the greater the Credit Risk, the better the bank's performance. These findings are in line with Karno, Fathoni, and Amboningtyas (2020)) has been found to have a positive but not essential impact. The Non-Performing Finance (NPF) positive effect indicates that the greater the Non-Performing Finance (NPF), the better the financial results. The variables of Non-Performing Finance (NPF) have significant impacts on performance (Ch, 2017). Handayani, Tubastuvi, and Fitriati (2019) found that Non-Performing Finance (NPF) has no significant and positive impact on performance. The researcher suspects that the low average return on financing is not affected by the magnitude of profit because the Islamic commercial banks get more profitable

non-credit or free base income. These revenues including bank guarantees, transfer fees, and ATM management. Mayunita (2017), found in the partial estimation, shows a significant and positive impact on the performance in the Non-Performing Finance (NPF) component. This is a positive sign that the Non-Performing Finance (NPF) has a relation to performance in the opposite direction. A positive value on the regression coefficient of the Non-Performing Finance (NPF) variable shows that most of the data in the study period when the Non-Performing Finance (NPF) value has decreased. In the study period, when the Non-Performing Finance (NPF) value decreased. It can be concluded that credit risk has a significant positive relationship to the performance of commercial banks. The result is that hypothesis 3 is rejected.

Effect of Inflation on Performance

The test results show that the inflation variable has a coefficient value of -0.121997 and a p-value of 0.000. Based on this value, it can be concluded that the independent variable inflation has a negative and significant relationship with a performance at the 5% level. This means that the higher the inflation rate, the lower the performance of commercial banks. Jeevitha, Mathew, and Shradha's (2019) research show a negative correlation between inflation and bank performance. According to Al-Homaidi, Tabash, Farhan, and Almaqtari (2018), the inflation rate shows a statistically significant negative effect on performance. It can be concluded that inflation has a negative and significant relationship to the performance of commercial banks. As a result, hypothesis 4 is accepted. Inflation is defined as an increase in the prices of goods and services in an economy over a given period. Inflation is measured in percentage terms. Inflation may have a negative impact on banks' financial performance, particularly when it comes to the distribution of credit/financing to financing clients. This situation may eventually affect the bank's financial performance since a portion of the bank's current funds is derived through bank loans. Thus, increased inflation may result in decreased bank performance as a consequence of defaulted loans/financing. Additionally, real sector businesses are hesitant to contribute money to fund their operations, harming bank financial performance.

Effect of Gross Domestic Product (GDP) on Performance

Based on the test results, the regression coefficient value of Gross Domestic Product (GDP) is 0.956768 with a p-value of 0.0000, which means a significant positive relationship between the Gross Domestic Product (GDP) variable and Performance at a 5% confidence level. This means that the higher the Gross Domestic Product (GDP) value, the higher the performance of commercial banks. This finding aligns with Caporale, Lodh, and Nandy (2017), whose Gross Domestic Product (GDP) is statistically significant at the 5% and 10% levels, respectively, positively affects performance. Jaouad and Lahsen (2018) found that the impact of Gross Domestic Product (GDP) on bank performance is insignificant and has a positive relationship with bank performance. It can be concluded that hypothesis 5 is accepted.

CONCLUSION

Based on the research that has been conducted on performance in commercial banks in Indonesia, it can be concluded that the results of this study answer the research objectives. Furthermore, the study also answers the research questions and hypothesis about the relationship between Bank Size, Operating Expenses and Operating Revenue (OER), Credit Risk, Inflation, Gross Domestic Product (GDP) relationship with Performance. The results of panel data regression show that all independent variables (bank size, inflation, gross domestic product, operating expenses and operating revenue, and credit risk) significantly affect the dependent variable (performance). The results of the Chow test and the Hausman test show that the fixed effect is more appropriate than the common effect and random effect. In the classical assumption test, several tests carried out normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. Of all the tests performed, the normality test

and the multicollinearity test met the criteria for the classical assumption test. In comparison, the heteroscedasticity test and autocorrelation test did not meet the criteria for the classical assumption test.

The results of the F test indicate that the independent variable has a simultaneous effect on the dependent variable. Moreover, the t-test results show that all independent variables have a significant effect on the dependent variable. All independent variables have influenced 97.70% on the dependent variable Performance in commercial banks in Indonesia. Then, the remaining 2.30% is influenced by other variables that are not included in this research. Furthermore, the relationship between Credit Risk, Gross Domestic Product (GDP), and Operating Expenses and Operating Revenue (OER) toward performance have a positive effect and significant. However, the variable Bank Size and Inflation have a significant and negative effect on Performance.

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