

ABSTRACT

THE EFFECT OF LOAN TO DEPOSIT RATIO (LDR) ON RETURN ON EQUITY (ROE) AT PT BANK PEMBANGUNAN DAERAH JAWA BARAT DAN BANTEN TBK DURING 2020–2024

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This study aims to analyze the effect of the Loan to Deposit Ratio (LDR) on Return on Equity (ROE) at PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk (Bank BJB) during the period 2020–2024. LDR is used as a liquidity indicator showing the bank's ability to allocate third-party funds into loans, while ROE reflects the bank's profitability in generating income from its equity. This research applies a quantitative approach with a simple linear regression method, using secondary data from Bank BJB's annual financial statements and analyzed through EViews 12 software. The results indicate that LDR has a negative and significant effect on ROE, with a regression coefficient of -1.164985 and a significance value of 0.0488 (<0.05), meaning that a 1% increase in LDR reduces ROE by 1.16%. The coefficient of determination (R^2) is 0.774957, which means that 77.50% of the variation in ROE can be explained by LDR, while the remaining 22.50% is explained by other factors outside the model. These findings highlight that an unbalanced LDR level may reduce profitability, thus requiring an optimal credit management strategy focused on efficiency and risk mitigation.

Keywords: Loan to Deposit Ratio, Return on Equity.