ABSTRACT

THE EFFECT OF NON PERFORMING LOANS (NPL) ON RETURN ON ASSETS (ROA) AT PT BANK NEGARA INDONESIA (PERSERO) TBK PERIOD 2016-2025

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This study aims to analyze the effect of Non Performing Loan (NPL) on Return On Asset*s (ROA) at PT Bank Negara Indonesia (Persero) Tbk during the period 2016–2025. NPL represents the level of Non Performing Loans, while ROA reflects the bank's ability to generate profit from its assets. This research applies a quantitative method with descriptive and verificative approaches, using secondary data obtained from the company's annual financial statements. Data analysis techniques include descriptive statistics, simple linear regression, t-test, and coefficient of determination (R^2) using EViews 12. The results indicate that NPL has a negative and significant effect on ROA, as evidenced by a t-statistic of -6.009084 and a probability value of 0.0005 < 0.05. The coefficient of determination (R^2) of 0.837621 shows that 83.76% of the variation in ROA can be explained by NPL, while the remaining 16.24% is influenced by other factors outside the model. Empirically, an increase in NPL to 4.3% in 2020 was followed by a decrease in ROA to 0.5%, while in 2018 NPL of 1.9% corresponded with ROA of 2.8%. Therefore, it can be concluded that higher NPL leads to lower ROA, highlighting the importance of effective credit risk management in maintaining bank profitability.*

Keywords: Non Performing Loan (NPL), Return On Asset*s (ROA), profitability, credit risk*