

ASEAN BANKING INDUSTRY PERFORMANCE ANALYSIS

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ABSTRACT

This research focuses on the banking industry in ASEAN. The ASEAN economy is one of the economic forces that needs to be considered. This is due to the fast and significant economic growth of ASEAN even in the midst of the 2008 financial crisis. The attractive economic growth has made many parties interested in developing the financial industry, especially banking in ASEAN. In this study, we will look at the specific influence of banks, industry, macroeconomics and Country Governance Indicators in determining banking performance in ASEAN.

The research period was taken during the post-crisis period, namely 2011 to 2019. The dependent variable used was bank performance as proxied by EARTA, while the independent variables were divided into 4 main categories, specific banks, industry indicators, macroeconomics, and Country Governance Indicators. Bank-specific variables consist of six variables, namely credit risk, liquidity risk, risk aversion, banking efficiency, bank size and non-interest income. Industry indicator variables are proxied by market concentration. The specific macroeconomic variables consist of the inflation rate and the Growth of Gross Domestic Product. The Country Governance Indicator variable is proxied by the Corruption Index. In addition to these independent variables, the test also involves control variables of ownership and country of origin. The data used is sourced from the Osiris Database for all banks in ASEAN. This study uses multiple linear regression analysis techniques.

The results showed that the bank-specific variables; there are 4 variables that have a significant effect on banking performance, industry indicators have no effect on bank performance, macroeconomic specific variables have a significant effect on bank performance, while the Country Governance Indicator proxied by the Corruption Index has an effect on bank performance.

Kata Kunci: *Keywords: Bank performance, Country Governance Indicator, Ownership, ASEAN*