

Comparison of Performance between the Government and the Private Bank in Period 2001-2006

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ABSTRACT

Bank is business organization where funds are deposited, obtained, and transferred through its products and services. The objective of this study was to analyze growth, relationships, and mean differences of capital adequacy ratio, net interest margin, return on equity, and return on asset between government owned banks and private banks during a period between 2001 and 2006. Secondary data, which were collected and processed from banks' annual financial statements and financial summary, were used in this study. Descriptive analysis, linear correlation analysis, and Mann-Whitney test were performed in analyzing data. Results of descriptive analysis showed that MSB of government owned bank was found to steadily increase. Other financial ratios were found to be fluctuated. It is also found that there are significant correlation amongst net interest margin, return on equity, and return on asset. Additionally, there were no significant differences between government owned banks and private banks with respect to their MSB, PE, PA, and RKM.

Key words: *net interest margin, return on assets, return on equity, capital adequacy ratio.*