

ABSTRACT

This study aims to examine the impact of Capital Adequacy Ratio (CAR), Operating Expenses to Operating Income (BOPO), and Non-Performing Loans (NPL) on Return on Assets (ROA), with Net Interest Margin (NIM) serving as a mediating variable.

The population consists of conventional commercial banks in Indonesia listed on the Indonesia Stock Exchange (IDX) for the period from 2019 to 2023. Secondary data was utilized, with a total sample of 23 banks. The sampling method employed was purposive sampling. Data analysis was conducted using multiple linear regression and path analysis techniques.

The findings indicate that CAR has a positive and significant effect on NIM. BOPO has a negative but insignificant effect on NIM. NPL also has a negative but insignificant effect on NIM. CAR has a negative and significant impact on ROA. BOPO has a negative and significant effect on ROA. NPL has a positive but insignificant effect on ROA. NIM demonstrates a positive and significant effect on ROA. Furthermore, NIM significantly mediates the effect of CAR on ROA. However, NIM does not mediate the effect of BOPO on ROA, nor does it mediate the effect of NPL on ROA.

Keywords: CAR, BOPO, NPL, NIM, ROA

