

ABSTRACT

This study aims to determine the impact of income diversification (DIV), operational efficiency (OE), credit risk (NPL), and size (BSIZE) on the profitability of conventional commercial banks in the ASEAN-5 countries. The data used are the financial statements of banks that were fully operational from 2018 to 2022. The analytical techniques used is multiple linear regression analysis with the ordinary least squares (OLS) method. The results of the study indicate that income diversification has a significantly negative effect on bank profitability, efficiency has a negative but not significant effect on bank profitability, credit risk has a significantly negative effect on bank profitability, and bank size has a significantly positive effect on bank profitability. Based on the multiple linear regression results, the coefficients for each variable are as follows: DIV (-0,230), OE (-0,017), NPL (-0,307), BSIZE (0,394). Future research is expected to include other factors that may influence banking profitability, such corporate governance.

Keywords: Income diversification, operational efficiency, credit risk, bank size, bank profitability, ASEAN-5.

